

**MAPPING THE TERRITORY OF SAUDI CORPORATE SOCIAL
RESPONSIBILITY REPORTING: A GROUNDED THEORY
ANALYSIS**

A thesis submitted for the degree of Doctor of Philosophy

In Accounting

by

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To my true inspiration, my mother

To my best ever motivation, Saleh, my husband

And to my best friends, my children

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Abstract

This study investigates the practice of corporate social responsibility reporting (hereafter CSRR) in the context of Saudi Arabia. The investigation encompasses a detailed description of corporate social responsibility (hereafter CSR) perception, CSR implementation and CSRR; and an interpretation for reporting practice. The interpretation seeks to provide a grounded theory that is capable of offering a plausible explanation for what shapes this reporting. In addition, the study examines and links the drivers and desired outcomes of CSRR.

A primarily interpretive philosophical assumption was employed in the study, utilising the grounded theory methodology and semi-structured interviews as a tool for data collection. The data were collected through three phases of interviews with participants from the Saudi petrochemical and energy industry. The personnel chosen to participate in the research were those with direct CSR involvement who were empowered to make decisions; most of them were leaders or managers. The first two phases were designed to elicit what is understood by CSR within Saudi companies, how it is implemented and how it is then reported. These two phases built the preliminary concepts and categories of the open and axial coding analysis. The third phase of interviews were then used to construct the selective codes and to identify the core concept in order to generate the theory. The use of the grounded theory methodology exactly as instructed is largely absent from the CSR literature.

The first part of the findings provides a description of CSR practices. It reveals that despite the uncertainty regarding exactly what CSR means to Saudi companies and what it involves, CSR is perceived as an important concept. A gap between how it is perceived and how it is to be implemented as well as a lack of a systematic CSR strategy and performance measurements were evidenced. CSR is implemented as 'external' to business operations and there is a lack of creativity. There is also evidence of a gap between CSR implementation/activities and CSRR. CSRR is arbitrary and inconsistent, lacks a formal mechanism, has many transparency issues, and gains less attention than CSR activities.

The second part of the findings- built utilising the first part- presents a grounded theory that is induced to interpret the reporting practices of Saudi companies. The generated theory is illustrated in a textual and diagrammatical model that maps the territory of Saudi CSRR. Based on the managerial perspectives, the map explains what forms and shapes the reporting practices, illustrating and identifying accountability (both tacit and/or explicit) as the core concept/engine of the CSRR mechanism. Accountability in this grounded theory not only reenergises the conventional importance of the concept but also extends its scope. Therefore, accountability is not only society-centred but also organisation-centred.

The study concludes by suggesting a number of broad proposals and recommendations for future research and practice, which were developed by considering the challenges faced by companies that were captured during the analysis. It is hoped that the recommendations will improve CSRR.

List of Abbreviations

AA1000	AccountAbility's Series Principles-based Standards
AME	Arab Middle East countries
CERES	Coalition for Environmentally Responsible Economies
CMA	Capital Market Authority (in Saudi Arabia)
CSR	Corporate Social Responsibility
CSRI	Corporate Social Responsibility Initiative
CSRR	Corporate Social Responsibility Reporting
DF	Descriptive Factors
EC	European Commission
G20	Group of Twenty
GCC	Gulf Co-operation Council
GDP	Gross Domestic Product
GPCA	Responsible Care by the Gulf Petrochemicals and Chemicals Association
GR3	The third set of guidelines issued by GRI
GR4	The fourth set of guidelines issued by GRI
GRI	Global Reporting Initiative
HKS	Harvard Kennedy School
ICCA	International Council of Chemical Associations
IF	Influential Factors
IFRS	International Financial Reporting Standards
IOGCs	International Oil and Gas Corporations
IR	Integrated Reporting
ISO 26000	International Organization for Standardization for Social Responsibility
KKF	King Khalid Foundation
KPI	Key Performance Indicators
KPMG	Accounting Firm (Klynveld Peat Marwick Goerdeler)
KSA	Kingdom of Saudi Arabia
MENA	Arab Middle Eastern and North African countries
N100	The 100 largest companies (in KPMG research survey)
NGOs	Non-governmental organisations

NOGCs	National Oil and Gas Corporations
OPEC	Organization of Petroleum Exporting Countries
PR	Public Relations
RCI	Saudi Responsible Competitiveness Index
SAGIA	Saudi Arabian General Investment Authority
SARCI	Saudi Arabian Responsible Competitiveness Index
SME	Small and Medium Enterprises
SOCPA	Saudi Organization for Certified Public Accountants
TBL	Triple Bottom Line
UAE	United Arab of Emirates
UN	United Nations
UNCOP	UN Global Compact Communication on Progress
UNGC	United Nations Global Compact
WTO	World Trade Organization

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Chapter 1

Introduction

1.0 Research Background

Hopwood (1983) stated that:

“[A]ccounting could not be disentangled from the organizational, so the organizational could not be disassociated from the wider social context in which it in turn was embedded. Accounting, thereby, increasingly came to be seen as a phenomenon subject to the influences of both the particular organization and the wider social fabric in which it functioned” (p. 301). And also stated: “Accounting is neither a static nor a homogeneous phenomenon. Over time, all forms of accounting have changed, repeatedly becoming what they were not.” (p. 289).

The view expressed in the previous statements shows the dynamic role of accounting and also the acknowledgement of necessity of the social imperative of organisations and their accounting. This role, then, should be driven beyond the questions of what and in what way to account for; considering the ability of information to effect change, the question thus becomes why we account, which in turn leads to a form of accounting that can contribute more to social welfare (Bebbington et al., 1999; Bebbington, 2001; Gray, 2001).

Since the late 1960s, a shift in the role of accounting has been witnessed, especially the role of accounting related to the dissemination of information about socio-economic activities. Such a shift emphasises that accounting now functions beyond its traditional role, which has previously been mainly concerned with profit parameters. This move has emerged from the transformation in what are seen as business responsibilities – from merely maximising shareholders’ profit to embracing other responsibilities towards the environment and society. Therefore, social responsibilities such as serving and meeting society’s and communities’ requirements, contributing to economic development, and supporting and developing employees (in addition to considering the environment), have all become indicators of responsible business behaviour. Many large organisations have made attempts to align these social and environmental goals with their main goal, which is making profits. As a result, since then, the accounting profession, as well as accounting literature (a few examples are AICPA, 1977; Gray et al., 1988; Duff and Guo, 2010; Guthrie and Parker, 2010), has demonstrated a positive concern for encompassing CSR reporting within its mainstream processes.

However, reaching a consensus on the scope, standards and clear framework and methodology of social accounting is still a real challenge to accountants and the accounting profession (Com, 2004), quite apart from the dilemma of articulating its actual definition (Gray, 2007).

However, Gray (2008) outlines that “Social accounting has generally been taken to comprise reporting about a specific range of issues and/or reporting to a variety of stakeholders. The topics/stakeholders are normally assumed to cover: employee and employment issues; environmental issues; customer and product issues; and community and wider social issues” (p.2). Gray points to the view that there are some other matters that are seen as linked to social accounting, even though they are not included in the definition, such as human rights and corporate governance. He also notes the lack of ‘overall coherence’ (p.2) of social accounting.

The literature discussed above indicates that the reporting of CSR entails revealing various types of financial and non-financial data, as well as quantitative and qualitative reports concerning the effect of corporate action on several areas of life: the environment, communities, consumer life, and human resources. Generally, in developed countries, social reporting is widespread, but this is less the case in developing countries as will be discussed further in chapter 2. In these latter nations, CSR reporting has a much lower profile and is not often something that is particularly aspired to, politically. High-level (quality and quantity) CSR reporting might be seen as a manifestation of mature economies that can afford it. However, while it is far from simplistic to identify or prioritise the reasons for that variation, it is possible to relate it to, for example: the low level of public awareness and the weak pressure from stakeholders (including the lack of pressure that NGOs and governments place on companies, as well as many other political and economic problems, such as corruption, social justice and poverty).

Even though corporate social reporting is still in its early stages in comparison to conventional financial reporting, it has developed to become an important part of overall corporate reporting (Gray, 2000, 2008; Bebbington et al., 2008; Fifka, 2013; KPMG, 2013; De Villiers et al., 2014) as valuable as financial reporting and income tax reporting (Tschopp and Huefner, 2014). The evolution of CSRR has seen three phases: the first phase was the reporting of an organisation’s relationship with its employees, as a reflection of the extensive labour rights debate in the 1970s. The second phase witnessed the rise of environmental reporting in stand-alone reports, as a response to environmental disasters in the late 1980s and early 1990s. In the third phase, the triple bottom line reports and integrated reports started to blossom (Owen and O’Dwyer,

2008; Milne and Gray, 2007; Buhr et al., 2014; De Villiers et al., 2014) as a response to the growth of the multi-stakeholders' approach.

On the other hand, Murphy (1978, cited in Carroll, 2009, p.4) has classified the evolution of CSR as a phenomenon into four eras: the era of 'philanthropy', which was up to the 1950s, the era of 'awareness' from 1953-1967, the era of 'issue' from 1968-1973 and the era of 'responsiveness' from 1974 and beyond. In the 1980s and 1990s, notions such as 'stakeholder theory', 'business ethics', 'corporate citizenship' and 'sustainability' flourished. These notions are very much linked to CSR. Although research on CSR and other related concepts in this century has witnessed a momentum of empirical as well as theoretical research, there still remain some unsolved problems in CSR practices, in addition to inconsistent and unsystematic practices around the world. Furthermore, there are some difficulties in measuring and disclosing the social and environmental actions and impacts (Kaya and Ayla, 2007), as well as calls for more space for all stakeholders, more regulations across countries and more engagement within education (Mathews, 1997; Owen, 2008; Eugenio et al., 2010; Parker, 2014).

By countering the evolution of CSRR (especially the shift in the role of accounting in the 1960s, which was then reflected in the reports in the 1970s) with the evolution of the CSR phenomenon, we can see that CSR reporting responded to the era of CSR being seen as an 'issue' between 1968 and 1973 and it has continued its development until the present.

In a further investigation into the growth of CSRR, Tschopp and Huefner (2014) compared the evolution of CSRR to that of financial reporting. Some similarities and differences were identified (see Table 1.1), but unlike financial reporting, legitimised CSRR standards or global recognition have yet to take place. The different stakeholders involved in both types of reporting may draw different potential evolutionary paths (Tschopp and Huefner, 2014).

Table 1.1 The evolution of financial reporting in comparison to CSR reporting

	Modern financial reporting	CSR reporting
Period	In the early 1900s, financial reports provided little value. They were used more for marketing purposes. Information was not comparable, consistent, reliable, or useful. The Progressive movement in the 1920s and 1930s led to increased transparency. The evolution of capitalism, industrialization, and increased participation in capital markets led to modern financial reporting	In the early 1970s, CSR reports provided little value. They were used more for marketing purposes. Information was not comparable, consistent, reliable, or useful. Environmentalism in the 1970s and sustainability movements and social activism in the 1990s led to an increase in the demand for such reports. Socially responsible investing and the rise of institutional investors led to modern CSR reporting.
Places	Only 33 countries do not allow the use of IFRS. Once the convergence of IFRS takes place in the US, IFRS will be the true global standard.	In 2003, France became the first country to include a CSR reporting requirement for publicly traded companies. Several other European countries also have CSR reporting requirements. However, there is no movement towards mandatory reporting on a global scale.
People	Investors, corporations, governments, suppliers, customers, and employees.	Investors, corporations, governments, suppliers, customers, labour unions, employees, citizens, and non-government organisations.
Practices	The EU has adopted IFRS, but the U.S. and some other nations are reluctant to eliminate national GAAP fearing IFRS are not stringent enough. However, a Roadmap toward convergence has been developed	No agreed upon international standard meeting the needs of all stakeholders. However, the GRI's G3 are the most widely used and recognized standards
Propagation	Intergovernmental institutions and NGOs have played key roles in promoting IFRS. Institutions such as the World Trade Organization, OECD	Intergovernmental institutions and NGOs are actively involved in the promotion and diffusion of CSR reporting
Products	IFRS are more principles-based standards. U.S. GAAP involves more rule-based standards with more specific application guidance	GRI reporting requirements are structured and rule-based. UN Global Compact and AA1000 reporting requirements are based on guidance and principles.

Modern financial reporting		CSR reporting
Profession	Governmental regulatory bodies [for example, the SEC and FASB in the U.S. (domestically) and the IASB (globally)]	Governmental regulatory bodies (see “places” section) and numerous reporting agencies (for example, the GRI, AccountAbility, the United Nations Global Compact, and the recent formation of the SASB)

Source: (Tschopp and Huefner, 2014, p. 575)

Whilst it is widely documented that there is a steady increase in CSRR, as a result of a long process of social accounting, it is presumed to be a mainly voluntary activity, governed by very low regulations (Gray, 2000); it is inconsistent and likely to be sensitive to large industrial companies (Owen and O’Dwyer, 2008).

Borrowing from Adams (2002), three categories can be assigned to the literature of CSRR determinants: (1) corporate characteristics (including size, industry group, financial economic performance and share trading volume, price and risk); (2) general contextual factors (including country of origin, time, specific events, media pressure, stakeholders and the social, political, cultural and economic context); and (3) the internal context (including the identity of the company chair and the existence of a social reporting committee) (p. 224). Although it is difficult to make generalisations in terms of the corporate characteristics, due to the differences in the contexts of each study (for example, the country of origin, ethical impact, environmental impact, and industry), relationships between factors such as size, age, industry and economic performance have been identified (Adams, 2002; Naser et al, 2006; Duff and Guo, 2010; Akroun and Ben Othman, 2013; Fifka, 2013; Ali et al., 2017;). A company’s country of origin and the social, cultural, economic and political contexts all have relationships with the nature and the extent of CSR reporting (see for example, Adams, 2002; Lewis and Unerman, 1999; Guthrie and Parker, 1990). Despite this, there is little research on the internal context of a company related to the process of CSR reporting or a company’s attitudes towards CSR reporting, a company’s head and the assigned CSR reporting committee (Cowen et al., 1987, cited in Adams, 2002).

Although CSRR has been developed and transformed from being on the periphery of accounting literature to being in the centre of the research agenda (Parker, 2014), it is still under construction and the organisational practices that are related to CSRR still need more

exploration (Unerman et al., 2007; Owen, 2008; Gray, 2009; Hopwood, 2009; Liane et al., 2013). For example, according to Tilt (2016), commenting on the previous Adams' classification: "[w]hile CSR reporting has been studied by a large number of scholars, only a few fall into the second of the categories above, and consider context in detail. This is particularly relevant when considering developing countries. A few papers have specifically reviewed studies on developing countries." (p.2). CSRR needs to be extended from merely observing the current practice to innovating new approaches (Gray, 2008). Also, it needs to initiate a broader discussion and further engagement of stakeholders' groups and local government in CSR reporting research, as well as integrating CSR reporting into mainstream accounting education from the views of the broader values of society and ethics (Owen, 2008).

In spite of the significant progress in the extent and quality of CSRR – even though it is voluntary in general (Milne and Gray, 2007) – reporting is still a developed country phenomenon, due to the fact that the majority of CSR studies have been undertaken in countries and regions such as the USA, the UK, Western Europe, Australasia, North America and Japan (Chapple and Moon, 2005; Tilt, 2016).

Very few studies have focused on CSR in developing countries (for example, Hossain et al., 2006; Kamla, 2007; Eljayash et al., 2013) and the existing literature is relatively narrow. However, recently there has been growing interest in studying CSR reporting in developing countries, mainly as a result of the increased tendency towards capitalist systems (Tilt, 2016). Most research conducted in developing countries has concentrated on newly industrialised countries such as Hong Kong, China, Korea and Malaysia (Akrouf and Ben Othman, 2013), while few studies have focused on Arab countries. In general, these studies mainly have a social nature, are relatively recent and have an exploratory aim (Visser, 2009).

The body of CSR and CSRR research in Saudi Arabia, considering its political, economic, social and cultural characteristics, is still in its initial stages and shows a dearth of available material in this regard, as will be discussed in detail in Chapter 2. Similar to the international orientation, the scant literature on the context of Saudi Arabia focuses on describing CSR activities and sometimes on CSR conception more than reporting. There is an agreement that there is a growing interest in the concept of Saudi business and society. Also, attitudes towards CSR in Saudi Arabia are extremely influenced by religious and traditional values regarding responsibility (Emtairah et al., 2009; Al-Sabban et al., 2014). It is also noted that CSR practices and policies vary across Saudi businesses. However, there is a lack of theoretical and practical

frameworks (Mandurah et al., 2012). Studies on CSR reporting show that the level of CSR disclosure in Saudi Arabia is low and involves non-environmental voluntary issues of interest to stakeholders. There is also an agreement on the positive influence of a company's size and the engagement of the owners with CSR reporting.

International practices have verified that although there are some underlying standards and practices, such as ISO 26000 and GRI, there is no unified pattern for CSR because the practices vary among countries. However, this variation is related to the national business systems rather than the country's development stage, which in turn reflects the profile of the country of operation rather than the original country (Chapple and Moon, 2005).

Because the country and the contextual dependency of CSR are significant factors (Dobers and Halme, 2009; Gjølborg, 2009), it is important to note that: "the concept and practice of [CSR] must be defined by its national and cultural context, if it is to be relevant and effective" (Visser and Tolhurst, 2010, p. xxvi).

According to Tilt, (2016), although research is scant, the papers that have been written on the subject of CSR reporting offer the opinion that the 'country' factor determines the extent of companies' engagement in CSR practices and the degree of their reporting, but they do not investigate in any greater depth. However, much of the research on developing nations has utilised developed countries' frameworks in order to explain the reporting practices. Therefore, for the nations whose social/political, cultural or regulatory context is different, the existing research does not explore the various contextual elements that can affect firms' CSR practices in such countries. A study by Ioannou and Serafeim (2012) (cited in Halkos and Skouloudis, 2016) indicates that country-related factors explain more than a third of the variations in companies' CSR engagements.

Highlighting variations in CSR practice within different nations identifies the need for more research on the style and method of reporting practices, which should be relevant to the individual country's own qualities. A more rounded picture of the elements that inform social disclosure might emerge, and knowledge of what amounts to 'good practice' should be apparent, not to mention what is classed as 'bad practice'. Although this may not further the progress of voluntary reporting initiatives, it might stimulate discussion on the success of such initiatives, and if big firms can set accountability as a goal (Gray et al., 1996, p. 164).

It can be argued that CSR is more essential in developing countries than in the West, due to its valuable stimulation and rich challenges to the sceptical patterns of Western scholars (Kisenyi

and Gray, 1998). Visser (2009) outlines four reasons for distinguishing developing countries and justifying the focus on developing countries when studying CSR:

“1) developing countries represent the most rapidly expanding economies, and hence the most lucrative growth markets for business (IMF, 2006); 2) developing countries are where social and environmental crises are usually felt most acutely in the world (WRI, 2005; UNDP, 2006); 3) developing countries are where globalisation, economic growth, investment, and business activity are likely to have the most dramatic social and environmental impacts (both positive and negative) (World Bank, 2006); and 4) developing countries present a distinctive set of CSR agenda challenges that are collectively quite different to those faced in the developed world” (p.2).

The differences in CSR practices between Western nations and other countries are not only subject to the how mature is the level of practices. It is also, subject to other characteristics such as cultural and religious (Ronnegard, 2013), political and economic. Ronnegard, for example, opines that countries such as Middle Eastern countries (especially Saudi Arabia) where the Islamic religion shapes and constructs most societies’ values and norms, may develop a path for CSR that might differ from that drawn by developed countries. This can be explained by the claim that Western corporations struggle to communicate their ethical codes, while such ethics, charity in particular, are rooted in corporate leaders’ religious insights and are often translated in their strategic design (Ronnegard, 2013).

1.1 Rationale and Originality of the Research

In view of the previous overview about CSR reporting, “It is clear that CSR reflects – to a degree at least – the social and political context in which it takes place” (Gray et al., 1996, p.164). CSR is concerned about the responsibilities of organisations with regard to the variety of stakeholders in society. CSR reporting, therefore, is a type of corporate dialogue with stakeholders and a way of communicating a company’s engagement with society and its ethical values. Thus, in order to capture, understand, interpret and then develop corporate social practices (including reporting) it needs to be examined within the context it operates in. As mentioned above, the body of research conducted in the context of developing countries is relatively narrow in relation to that of developed countries. Even more, most of the concepts, theories and frameworks used to study CSR reporting in developing countries are based on those demonstrated successful experiences in developed countries. This further elevates the importance of emancipative approaches when studying CSR reporting in different contexts,

especially considering that there are growing indications that tend to doubt the applicability of Western CSR practices to explain developing countries' practices. Nations with market economies tend to have fairly robust institutional frameworks, where there is well-run and reasonably applied regulation. In developing nations that are affected by corruption, unpredictable bureaucracy, tenuous property rights and inconsistent application of laws, however, CSR can be viewed and practised very differently (see, for example, Bebbington, 2001; Jamali and Mirshak, 2007; Kamla, 2007; Dobers and Halme, 2009; Ronnergard, 2013; Tilt, 2016).

This research investigates CSR reporting in the context of Saudi Arabia for many reasons. Until recently, CSR research – especially CSR reporting – in Saudi Arabia, as a developing country, has received little attention in the available literature. The Saudi Arabian context for CSR differs from those of developed countries in a variety of political, economic, environmental and social ways (for further details please see Chapter 2). Saudi Arabia is not a capitalist country and the government is a non-democratic body with centralised control, which may explain the view that CSR is seen simply as a governmental responsibility.

The cultural structure in Saudi Arabia is deeply religious and family oriented. The social hierarchy in the country normally assigns more prominence to relationships of an informal nature (Al-Twaijry et al., 2002; Haniffa & Hudaib, 2007) rather than recognised and formal CSR and accountability structures.

Saudi Arabia is the world's second (if not the first) largest producer of oil, and its economy relies on oil revenues. Changes in oil prices can affect a country's plans, especially if the country is dependent on economic prosperity, such as extra free social services. This may raise the question of reforming the role of the government as well as businesses in terms of CSR activities. Diversification of economic resources is a main government objective, as well as engaging in a programme to actively encourage foreign investment, which means becoming more integrated and more visible to the global economy. In addition, Saudi Arabia is a major G20 economy and hosts many multinational companies, which ensures an important share for Saudi companies in the global economy. This, therefore, entails a level of reporting that should be in line – or at least with no large variance – with international standards.

The structure of Saudi business institutions is embodied within a tight, concentrated configuration (which is chiefly made up of families and government officials), where there is a small amount of involvement from institutions. The consequence is that the influence exerted

by shareholders to introduce and impose corporate regulations is insufficient. This can have an adverse effect on corporations' will and desire to be transparent (Al-Bassam et al., 2015).

Saudi Arabia suffers from problems such as a relatively high unemployment rate, a high corruption rate and severe water scarcity, which remain among the top development challenges. Thus, and in view of the fact that there is no regulation of CSR in Saudi Arabia, other than some environmental issues, those problems may direct the growing public opinion and some other non-governmental institutions to question companies' responsibilities and their social and environmental participation in solving these problems - not to mention the possibility of accusing the companies for causing some of these issues.

Since the will to study companies' motivations for CSRR within a specific context is not well developed and there has been "no real thought about the theoretical assumptions being made" (Tilt 2016, P.), further research is needed.

In light of that and also based on the contextual setting of Saudi companies previously discussed, there is a lack of sound social and environmental accounting and CSR disclosure in Saudi Arabia (Ali and Alali, 2012). Also, on the grounds of the lack of a national theoretical CSR framework (Mandurah et al., 2012;) as well as the low level of reporting practices, this study seeks to contribute to the scant literature by exploring and providing an understanding of Saudi CSR reporting practices considering the contextual factors they operate in. However, this will be studied from the businesses' point of view, and will attempt to understand and explain the motivations for that reporting. In addition, the minimal literature of Saudi CSRR (see Chapter 2) suggests that companies in Saudi Arabia disclose social information on a low level. Contrary to the current research, these studies are mainly descriptive in nature, using quantitative approaches (mainly content analysis), restricting their investigation to a specific theory and focusing on the annual reports only. Also, the reviewed literature showed that none of these studies explored the company managers' perspectives or sought to provide an explanation of CSRR practices. In this study, CSR reporting is studied within a framework that combines an understanding of first the conception and then the implementation in order to understand reporting. This approach, by introducing a holistic overview, goes beyond much of the scant literature, which seeks to study either the concept or the reporting. The description, understanding and explanation that have been developed for CSR reporting in the Saudi context for the purpose of this research have been processed with no attempt to rely on a prior hypothesis to be tested or any existing theories for explanation. Therefore, it is expected that

the current study will not only expand the literature of comparative social accounting in general and in CCG countries in particular (for the many contextual similarities with Saudi Arabia), but it will also offer insights that illuminate companies' perspectives and facilitate understanding of CSRR in the Saudi context. The holistic approach that this study seeks to apply by linking the managers' perspectives of CSR perception with CSR implementation and CSRR, will lead to a potentially richer understanding of CSR practices in Saudi Arabia. It may also bring consideration of CSRR to the attention of regulatory bodies, especially the Saudi Organization for Certified Public Accountants (SOCPA).

Seeing companies embed responsibilities in their mainstream operations beyond the responsibility of profit maximisation, such as their responsibility towards society and the environment and, equally important, seeing them caring about stakeholders beyond shareholders and investors, are the core motivations of this research. Building on the idea that knowledge is power, and that power can be provided through reporting, and dealing with reporting as a two-way approach, may influence companies to be more accountable for their environmental and social impacts.

1.2 Research Aim and questions

As aforementioned, a number of studies assert that the country in which the company discloses CSR information influences the extent and theme of CSRR. It is also argued that CSR is more important in developing countries than in developed countries (Visser, 2009), where most of the research is conducted. Developing countries are not homogenous in terms of contextual factors and also, they do not share these contextual factors with developed countries (Bebbington, 2001). It is this dissimilarity which suggests that CSRR in developing countries is different from CSRR in developed countries – Saudi Arabia in particular – and accordingly, it justifies further exploration. Therefore, it is expected that CSRR in Saudi Arabia (the focus of this thesis) will exhibit different practices, drivers and motivations. In view of this, the current study is designed to ultimately explain the social reporting practices using the lens of managerial perspectives on CSR and CSRR to facilitate that explanation.

The study **aims** to draw a holistic perspective of the CSRR practices carried out by Saudi Arabian companies and to generate a theory that is capable of offering a plausible explanation for what shapes this reporting.

Based on this aim, the research process evolved by addressing the following two primary research questions:

- How is the current practice of corporate social responsibility reporting perceived by Saudi company managers?
- What does constitute an explanation (or theory) for CSRR practice in Saudi Arabia?

1.3 Research Methodology

Ontologically, this study is aligned with the interpretive paradigm (see Chapter 3), which views reality as multi-faceted, dynamic, perceived differently and constructed by the actors themselves. Reality is, therefore, seen within its historical social, cultural and environmental context. An interpretive researcher develops his/her interpretation via subjective understanding and using his/her personal lens to analyse the data and draw a conclusion (Burrell and Morgan, 1979; Ryan et al., 2002; Creswell, 2003; Myers, 2013). This ontological assumption governs the way that knowledge (epistemological assumption) is gained of CSRR in the context of Saudi Arabia and it defines the nature of the relationship between the researcher and what can be known (Guba and Lincoln, 1994). Accordingly, this study explores the ‘reality’ of CSRR as constructed by corporate managers and representatives of consultant groups in Saudi Arabia and it seeks to interact with, and incorporate the various views of, the study’s participants. Approaching research in this manner often leads to inductively developing a theory or pattern of meanings, rather than starting with a theory as in positivism. This anti-positivist stance allows CSRR to be investigated in a way that values subjective responses and does not set out with a view that CSRR in Saudi Arabia should merely be measured and quantified within predetermined categories.

The methodology applied for the purposes of this study is the ‘grounded theory’ methodology – in particular that proposed by Strauss and Corbin (1990) – wherein the researcher’s theory is grounded in the participants’ views and is “derived from data, systematically gathered and analysed through the research process” (Strauss and Corbin, 1990, p.12).

Generating a theory that is capable of offering a plausible explanation for CSRR in Saudi Arabia, instead of relying on an existing theory, is based on the idea that a theory which interprets an organisation’s CSR behaviour in a specific context may be questioned in another context (Spicer et al., 2004). In addition, developing a primary theory before data collection may revoke and restrict any potential explanation. Therefore, CSR reporting is studied in this

research within a frame that combines an understanding of first the conception and then the implementation, in order to understand reporting. This holistic overview description, understanding and explanation have been processed in three stages – open, axial and selective coding – with no attempt to rely on a prior hypothesis or any existing theories for explanation. This is how the methodology of grounded theory is approached. Adams (2002) stated that “no one theory is consistently supported or refuted, thus demonstrating that any one of these theories can only provide a partial explanation. Indeed, whether or not a theory has been supported depends to a large extent on the scope of the study and the variables investigated” (p.225). This approach is different from most of the other studies in the field that are often based on testing a pre-determined theory or hypotheses.

The tool used for data collection is the semi-structured interview; the interviews were conducted through three phases with participants from the Saudi petrochemical and energy industry. The personnel chosen to participate in the research were those with direct CSR involvement who were empowered to make decisions – most of them were leaders or managers.

The first two phases were designed to draw a detailed picture of CSR perception, implementation and reporting. The third phase was used to construct the selective codes and to identify the core concept in order to generate the theory. The use of the grounded theory methodology, exactly as instructed, is largely absent from the CSR literature.

1.4 Thesis Structure

The study is structured into eight chapters (see Diagram 1.1). Chapter 1 is intended to introduce the study by providing the background to CSR reporting. The background is developed to delineate some important points in social accounting and the journey to this, and to eventually help in locating this study in the context of existing literature. The background also outlines the importance of CSR in general and CSR reporting in particular in developing countries. The chapter then provides several justifications for the decision to conduct the study in the Saudi Arabian context, in conjunction with the research motivation. The study aim and objectives, as well as the research question, are then demonstrated.

Chapter 2 presents a review of the concept of CSR in general and CSR reporting literature. It outlines the CSR reporting definition, forms, drivers and standards. A considerable part of the

chapter is assigned to reviewing CSR reporting in the context of Saudi Arabia, including an overview of the country's economic, cultural and regulatory contributions.

Chapter 3 concentrates on the research methodology and the method used to undertake this study. The chapter depicts the researcher's philosophical perspective, which supports the choice of the qualitative approach, in particular the grounded theory methodology. A description is given of the rationale and process of applying the grounded theory (Straussian approach) in the data analysis.

Chapter 4 presents a discussion of the first stage (out of three) of the empirical part of this study. This stage is the open coding analysis. The chapter details the process that is followed to collect the data and it provides details on how the data was open coded.

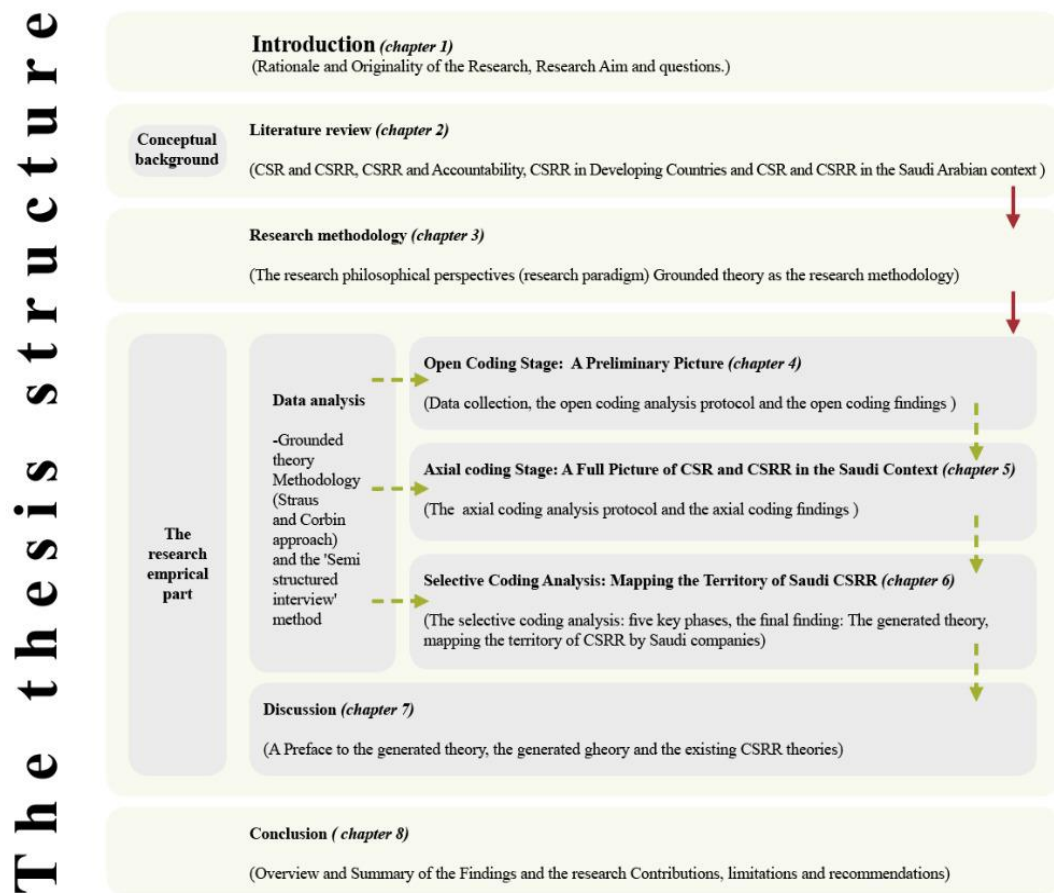
Chapter 5 explains in detail the second stage of the analysis (axial coding). It provides a thorough description of how the interrelationships between the codes are developed and how a full and detailed picture of CSR perception, CSR implementation and CSR reporting in the Saudi context is yielded.

Chapter 6 presents another stage of analysis (selective coding). The chapter discusses the evolution of the core categories and the core concept and how they are extracted, based on the previous stages. It then provides a detailed description of the model that is developed to express the generated theory as a map for the CSRR territory.

Chapter 7 is the discussion chapter, where the two groups of results of the analysis are presented, discussed and then linked to the existing literature. This chapter provides an explanation of the conceptual structure of CSR in Saudi Arabia and depicts the potential relations between its three related schematic descriptions: CSR reporting drivers, accountability, and desired outcomes.

Chapter 8 concludes with the findings of the research, outlining the two research questions and how the findings answer them. The chapter considers the potential influence of the findings on future CSR reporting practices in Saudi Arabia. It also sheds light on the research contribution, limitations and recommendations.

Diagramme 1.1 The Thesis structure



1.5 Summary

This chapter encapsulates the main elements of the study by aiming to lay a foundation for it. It firstly details a relevant background of CSR reporting, covering information about the setting of CSRR in developed and developing countries. The chapter also outlines the rationale and originality of the study choice, the theoretical gap and the researcher's motivations for undertaking this research. The grounded theory as the research methodology, and the research aim, along with the core research questions, are then presented, followed by the structure of the study.

The following chapter reviews the literature on CSR reporting in detail, in the international context and in the Saudi context.

Chapter 2

Literature Review

2.0 Introduction

The previous chapter provided an introduction for this research study including a general background and the research aim, questions and structure. This chapter presents a review of the literature on corporate social responsibility (CSR) in general and on corporate social responsibility reporting (CSRR) in particular. It is intended to achieve by this review, to provide a background of this thesis from the literature. It is, therefore, aims to facilitate a greater understanding on what is meant by CSR and CSRR in general encompassing a special attention to the Saudi experience in this regard. As the review carried on, it was often challenging to conclude to a uniform approach for every related topic since every study had its own context specificity.

This chapter is structured to provide mainly a review on CSRR in general and CSRR in Saudi Arabia. However, it is preceded by introducing a brief background on CSR definitions (section 2.1.1) and its approaches (section 2.1.2). The second part provides an overview of CSRR and how CSRR is defined (section 2.2.1), in what forms CSR information is produced (section 2.2.2), what feature it has (section 2.2.3), what standards are used (section 2.2.4), what drives CSRR (section 2.2.5), what type of outcomes are expected to be gained from CSRR (section 2.2.6), how accountability is related to CSR disclosure (section 2.2.7) and finally what it is like CSRR in developing countries (section 2.3).

the third part reviews CSR and CSRR in the context of Saudi Arabia by beginning with a general overview of the Kingdom of Saudi Arabian demographic, economic and cultural aspects (section 2.4.1). Followed by information about regulatory and corporate contributions to CSR (section 2.4.2) and finally providing a literature review on CSR and CSRR in the context of Saudi Arabia (section 2.4.3).

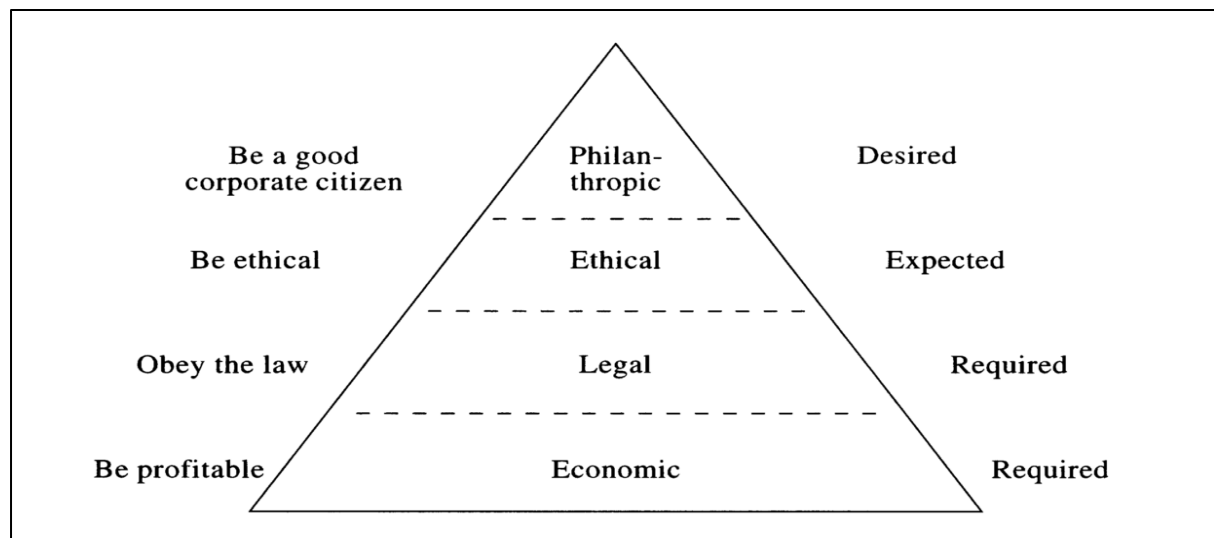
2.1 Corporate Social Responsibility (CSR)

2.1.1 CSR Definitions and its Link to Some Other Terminologies

The concept of CSR is not a new invention; businesses have considered the social consequences of their actions for many of years (just short list of examples, Carroll, 1991; Carroll, 1999; Owen and O'Dwyer Schwartz and Carroll, 2003; Hartman et al., 2007; Jamali and Mirshak, 2007; Carroll, 2008; Geva 2008; Murthy and Abeysekera, 2008; Visser, 2009, 2010; Dobers and Halme, 2009; Wang et al., 2016; Barnett, 2016). Scholarship on this subject began with Howard R. Bowen's (1953) book *Social Responsibilities of the Businessman* in which he emphasised the ability of companies to affect the way society and its members think and act (Buchner, 2011). In the years since the publication of Bowen's important text, scholarship has tended to focus mainly on the West; however, the literature is increasingly focusing on CSR in developing nations (Visser, 2009). There is broad agreement in the extant literature that businesses have a clear responsibility for social improvement. The literature shows that this responsibility consists of a number of elements which should be defined and measured in terms of how a business performs in this context within society (Geva, 2008).

Nevertheless, there is no broad agreement within the literature regarding a clearly defined definition of CSR. This is due to the range of methods deployed to investigate the issues surrounding CSR and the variety of vocabulary used to label and elucidate the different elements of the concept (Dahlsrud, 2008). Scholars such as Carroll (1991; 1999), Moon (2002), Garriga and Mele (2003), and Visser (2006) emphasize the disputed nature of current attempts to define CSR; indeed, these scholars present studies listing numerous of labels for elements of CSR activities and elements, as well as many of alternative descriptors for CSR itself within the literature. Visser (2006) for instance pointed to "a survey of CSR education in Europe, which found 50 different labels for CSR modules, 40 different labels for CSR programmes and numerous CSR synonyms, the most popular of which were: business ethics, corporate citizenship, sustainability or Sustainable development, corporate environmental management, business & society, business & governance, business & globalisation, and stakeholder management." (p.32). However, Carroll (1979) provides a useful and often quoted definition: 'The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time' (quoted in Schwartz and Carroll, 2003, p. 500). As shown in the figure below, Carroll developed the Pyramid of Corporate Social Responsibility to visually represent his definition (1991).

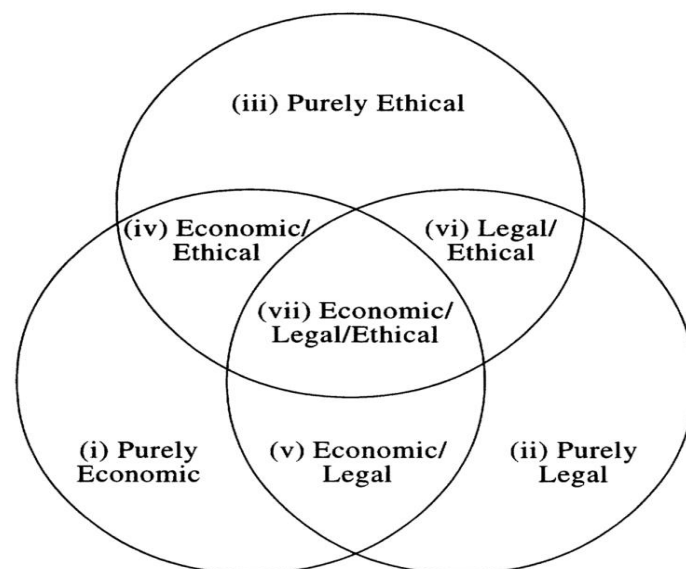
Figure 2.1: Carroll's (1991) Pyramid of Corporate Social Responsibility



Source: Carroll, 1991, p. 39.

In a later collaboration, Carroll took three core responsibility domains — economic, legal and ethical — and worked to illuminate the various categories that exist and interconnect within these domains. The updated visual representation resists the notion of hierarchical associations inherent when presenting these relationships in a pyramid (Schwartz and Carroll, 2003). In figure 2.2, the model also differs from the Pyramid of Corporate Social Responsibility in that the top tier label of 'philanthropy' is not present in the Venn diagram shown below.

Figure 2.2: The Three-Domain Model of Corporate Social Responsibility



Source: Schwartz and Carroll, 2003, p. 509.

As mentioned above, while recognising the importance of these attempts at creating a workable definition, scholars such as Visser (2006, 2009) note that such models tend to be born of research carried out in Western contexts rather than encompassing other geographical and cultural areas. Furthermore, Visser (2009) cites empirical research that shows a clear link between culture and how CSR is perceived and prioritised — particularly in studies, Edmondson and Carroll (1999), and Burton et al. (2000) — and argues that Carroll’s work is useful in the study of CSR in developing nations if scholars are open to rearranging the hierarchy of the pyramid for specific contexts.

In table 2.1, In year 2000, the United Nations created its ‘Global Compact’ (UNGC) in an attempt to link businesses with its agencies, governments and societies. At the core of this endeavour are a set of ‘universal principles’ (grouped under the headings: human rights, labour, environment and anti-corruption) promoting CSR, which are followed voluntarily by thousands of businesses in 161 countries:

Table 2.1: The Ten Principles of the UN Global Compact

The Ten Principles of the UN Global Compact	
Human Rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	
Principle 2: make sure that they are not complicit in human rights abuses.	
Labour	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	
Principle 4: the elimination of all forms of forced and compulsory labour;	
Principle 5: the effective abolition of child labour; and	
Principle 6: the elimination of discrimination in respect of employment and occupation.	
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Source: UN Global Impact (2018)

The European Commission (EC) also offers guidance regarding CSR, stating:

Corporate social responsibility (CSR) refers to companies taking responsibility for their impact on society. The European Commission believes that CSR is important for the sustainability, competitiveness, and innovation of EU enterprises and the EU economy. It brings benefits for risk management, cost savings, access to capital, customer relationships, and human resource management (European Commission, 2018).

The EC offers its own definition of CSR as ‘the responsibility of enterprises for their impact on society’ and notes that companies should take the lead, while governments should take only a supportive role. The EC emphasises the importance of CSR to companies (including improved risk management and innovation), to the European Union (EU) economy (particularly regarding economic sustainability), and to society (especially shared values and social cohesion). The EC actively promotes CSR by emphasising the value of companies following ‘international guidelines and principles’ as part of an EU policy based on ‘an agenda for action to support this approach’ (European Commission, 2018).

Dahlsrud (2008) analysed 37 definitions of CSR in order to develop a five dimensions model. These dimensions are: the stakeholder dimension, the social dimension, the economic dimension, the voluntariness dimension, and the environmental dimension. These dimensions were found to be present to some degree in all the definitions studied. Dahlsrud explains that the dimensions covering social, economic and environmental impacts are labels that demonstrate that a business causes a range of effects both through and beyond its economic activities. With regards to the voluntary dimension, Dahlsrud argues that there is broad agreement that organisations need to operate in ways that exceeded regulatory expectations and thus raise the bar of CSR performance. However, the article also notes that this is difficult if there are no such regulatory requirements. In reply to this difficulty, Dahlsrud points to data

showing that the extant definitions seem to recommend that CSR performance levels must be driven by stakeholders in the business who need to clearly define their own company values and vision under these circumstances. Furthermore, the definitions examined in the study show that CSR has always been present and stakeholders within businesses have understood the need to manage the social, economic and environmental effects of business to some degree. Even before regulation, businesses have had to take these issues into account; nevertheless, the acceleration of change within global markets is now forcing businesses and governments to re-examine CSR expectations and this is driving organisations to closely consider how this impacts operational decision-making. Therefore, Dahlsrud argues, there is a growing need for specific tools to assist in the management of CSR that will assist businesses in aligning stakeholder needs, strategy and corporate social responsibility activities and awareness in an effective manner. Dahlsrud cautions that while CSR definitions are helpful in describing such activities and responsibilities they do not provide a clearly-defined framework for negotiating the potential risk related to CSR regarding local and international markets. Thus, the article concludes, CSR strategies must be developed with a focus upon the specific social and business contexts that companies are operating within.

For the purpose of this research study, the term Corporate Social Responsibility refers to the social and environmental responsibilities of a corporation in addition to its economic responsibility. These responsibilities must be integrated within business operations by considering environmental and social requirements. This definition excludes the voluntary dimension as some of the responsibilities need to be compulsorily enacted, especially when the corporation has a negative impact on the environment or on society. The challenge encountered when defining a concept such CSR includes considering the boundaries of what to include within each responsibility as well as what originally constitutes the commitment to the CSR concept within business culture.

2.1.2 CSR Implementation (approaches)

As detailed above, the concept of CSR considers three corporate responsibilities: economic, social and environmental. Businesses can address these responsibilities in their practices and activities through four main arenas (Crane et al., 2014): CSR in the marketplace, CSR in the workplace, CSR in the community, and CSR in the ecological environment. These four areas capture the interests of particular stakeholder groups. Consumers and suppliers are examples

of stakeholders within the area of CSR in marketplace. Corporations seek to be rewarded for developing socially responsible practices by attracting consumers and enhancing brand reputation. Furthermore, in marketplaces where the impact of corporations' products are visible, the CSR agenda is often strongly supported regarding industries that potentially have a negative impact on health or the environment. Employees are stakeholders of CSR in the workplace and in many cases at the centre of a company's CSR. Issues such as labour rights and working conditions appear to have an important influence on corporate reputation; for example, companies with a reputation for social responsibility with specific regard to their employees tend to attract skilled and committed employees. In the past, CSR in the community was considered to be as important to philanthropic donations because it was among the first CSR activities when the term CSR was first coined (Carroll, 1999). It was also the first, most apparent manifestation, of CSR in emerging countries — such as Asian nations — and more obvious than CSR in the marketplace and CSR in workplace (Chapple and Moon, 2005). Community issues are relevant to large organisations and — or sometimes more critical (Spence, 2007) — for small and medium size organisations. Communities play a key role in holding businesses to account; however, levels of such influence are different in developed and developing countries (Crane et al., 2014). The recognition of corporate ecological responsibilities is becoming increasingly important, with growing attention being focused upon issues such as pollution prevention, energy conservation, recycling, and population growth and sustainability (Crane et al., 2014). As a result, firms need to respond to the increased expectations that require them to address environmental issues within their strategies as well as contributing to solutions.

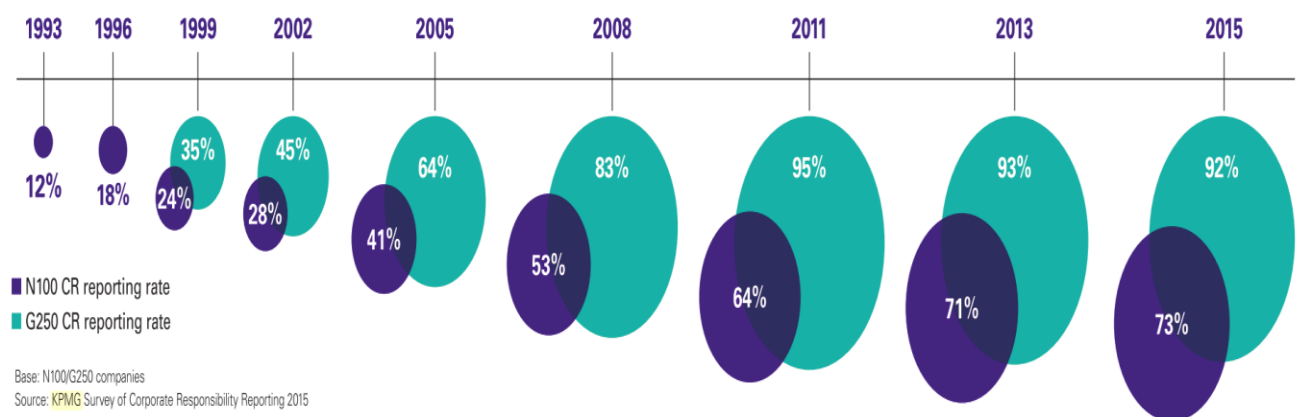
2.2 Corporate Social Responsibility Reporting (CSRR)

2.2.1. CSRR Definition

Many companies have developed their management, accounting and reporting systems to incorporate their social and environmental practices as a response to various issues, including: the growing interest in CSR (Guthrie and Parker, 1989; Gray et al., 1995; Eugenio et al., 2010); the growing public demand for transparency after a number of scandals involving high-profile companies; the increasing utilisation of reporting mechanisms such as the Global Reporting Initiative (GRI) and triple bottom-line reporting (Elkington, 1999); and growth in regulatory controls (Dawkins and Fraas, 2008).

There has, therefore, been a corresponding increase in CSRR research work as a result of these developments in CSR (Unerman et al., 2007). For example, research from 45 countries conducted by KPMG (2015) showed growth in corporate responsibility reporting. Although the situation is not uniform in all nations or sectors, CSR procedures continue to develop and annual reports now contain corporate responsibility (CR) information as standard. The reporting of CR information has continued to grow, although the rate of growth decreased between 2013 and 2015 (see Figure 2 below). It is still, however, relatively rare for companies to engage in integrated reporting and the majority of large corporations have their data independently assured.

Figure 2.3: International Corporate Social Reporting growth



Base: N100/G250 companies

Source: KPMG Survey of Corporate Responsibility Reporting (2015, p.30)

As Eugenio et al. (2010) note, academics debate the actual date that denoted the beginning of social and environmental accounting practices, but it is generally agreed that this was during the 1960s and the 1970s (Gray and Bebbington, 2001; Parker, 2005), with the 1980s bringing further developments (Adams, 2004). According to Gray (2008), these practices were further matured by 1990. Reporting on an organisation's relationship with its employees was an early CSR activity in the 1970s, reflecting debates regarding the labour situation at that time. This

was followed by the rise of environmental reporting in the late 1980s and the early 1990s when a few companies produced stand-alone environmental reports (Buhr et al., 2014), as a response to environmental catastrophes during this period (Owen and O'Dwyer, 2008). Over time, disclosing particular types of information became mandatory and ideas about sustainability began to blossom (Buhr et al., 2014). The phrase Triple Bottom Line (TBL) was then coined by Elkington (1999); the term links three important aspects of corporate performance in corporate reports: environmental, social and economic. Recently, Integrated Reporting (IR) appeared and was developed to include the environmental, social and governance dimensions, but IR seems to drop the economic dimension (Buhr et al., 2014).

The term CSRR has been defined and used differently by various authors. In addition, a number of different terms have been used for the same practice: social responsibility accounting, (Mathews, 1984), social accounting (Gray, 2000), and corporate social disclosures (Belal, 2001). Another popular term is social and ethical accounting, auditing and reporting (Belal, 2002). For example, Gray (2000) defines social accounting as 'the preparation and publication of an account about an organisation's social, environmental, employee, community, customer and other stakeholder interactions and activities and, where, possible, the consequences of those interactions and activities' (p.249).

Furthermore, the product of the CSRR process is also labelled differently by different authors; for example: Sustainability Report, Corporate Social Responsibility Report, Triple Bottom Line Report and Health, Safety and Environmental Report (Deegan and Soltys, 2007; Visser et al., 2010). Although this variety of terms may sometimes lead to confusion and requiring explanation (Mathews, 1984; Gray, 2000), CSRR in action is still considered to be an undeveloped undertaking that will, however, ultimately become an integral part of the accepted framework for accounting reporting (Tschopp, 2014). However, more recently, the term 'sustainability' (more than other terms) is often closely linked to CSR, and at times the two are used synonymously with one another. For instance, the definition of sustainability reporting by Buhr et al. (2014) is 'an extension and progression from earlier forms of corporate reporting to include matters of an organization's environmental policies and impacts (e.g. resource and energy use, waste flows), and its social policies and impacts (e.g. health and safety of employees, impacts on local communities, charitable giving)' (p. 51). The definition of CSRR by Gray et al. (1996) is

the process of communicating the social and environmental effects of organizations' economic actions to particular interest groups within society and to society at large. As such, it involves extending the accountability of organisations (particularly companies), beyond the traditional role of providing a financial account to the owners of capital, in particular, shareholders' (p.3).

From these definitions we can see many similarities, especially the fact that they refer to the economic actions of organisations and how their activities affect society and the environment. However, it is important to note that using the terms CSR and sustainability synonymously can be problematic. The main elements of sustainability can be found in the definition offered by The United Nations World Commission on Environment and Development (Brundtland, 1987): 'meeting the needs of the present without compromising the ability of future generations to meet their own needs' (p.8). In the corporate world, sustainability is extended to mean securing the future of the business, while on the other hand, CSRR deals with reporting on past business actions and compliance with regulations and societal expectations. Gray (2013) states that "scholars are using the word "sustainability" to mean something: (probably environmental management systems + CSR, I think). What they are not doing is using the word "sustainability" to mean what Brundtland meant by the term – the capacity of human and non-human creatures to continue on the planet (a matter very seriously in doubt of course)" (p. 4). This inseparable connection demonstrates that for a corporation to have stability in the future marketplace, it needs to operate ethically and responsibly.

In view of previous discussion, this thesis acknowledges that many of the aspects that constitute these terminologies – especially sustainability – are shared with the notion of CSRR, however, it uses the CSRR term because it clearly reflects the expected content of such reports and goes some way to avoid the confusion that might be created by the difference between the label and the content. Despite that there is no agreed CSRR definition and this might never be achieved as Owen (2008) notes, scholars are still debating over the purpose, content, focus and nature of CSRR. While this remains the case, it will be difficult to arrive at a consensus regarding its definition (Gray, 2000).

Therefore, for the purposes of this thesis, CSRR is where organisations seek to report on their interactions with society (Gray et al., 1996; Adams et al., 1998) and to communicate awareness of their social and environmental responsibilities to society. As Rodolfo (2012) states, it is "a window to the ethics and values of an organization; [it] transfers some emphasis from financials to people and environmental impacts" (p.32). Thus, CSR reports go beyond the economic and financial details of interest to shareholders and investors to include social and environmental

information that describes a company's relationships with a wider range of stakeholders such as employees, government, suppliers, and the environment.

2.2.2 CSRR Forms

Although there is an extensive range of documentation available to companies for publishing data on their social performance — for example environmental reports, brochures and press releases — research on CSRR has focused on using annual reports for analysis. There are specific reasons why annual reports are used by researchers; firstly, as the most formal type of communication that companies engage in with their stakeholders (Dawkins and Frass, 2008), they are credible, published at regular intervals, accessible, and contain comprehensive information on how the company deals with social issues (Eugenio et al., 2010). In addition, because the information contained in annual reports is voluntary, these documents provide a valuable indication of a company's priorities (Gray and Bebbington, 2001). The majority of research in this area views annual reports as the main vehicle for the disclosure of CR information (Gray et al., 1996; Tilt, 2001; KPMG, 2008; Tewari, 2012). Corporate annual reports were used for social and environmental reporting until the last part of the twentieth century, although these reports were used principally to communicate financial data. The social and environmental aspects of the annual reports covered the social and environmental impacts of the company's actions, and the policies that were in place to manage the relationship between the company, the natural environment and the society in which it was established (Unerman et al., 2007).

There are two main forms that CSRR can adopt. The information may be provided in a stand-alone report, which is often a voluntary publication (Bebbington et al., 2008), or it may be part of an annual report and accounts bundle, which includes both voluntary and mandatory data. Over time, it became more common to report on social and environment aspects, and the amount of such information being disclosed also expanded. This resulted in companies separating this information from their financial report, sometimes creating a stand-alone document containing their social and environmental disclosures. This meant that the annual report became mainly targeted at shareholders, and other aspects of a company's performance that is primarily relevant to other stakeholders were increasingly published in separate reports or communicated through interactive media; for example, sustainability web sites (De Villiers et al., 2014).

From the late 1990s onwards, the internet became a principal channel of communication for publishing CSR information (GRI, 2006; Rowbottom and Lymer, 2009). This information can be shared digitally in a number of different ways: on web pages that may contain other information such as ethical codes, press releases and speeches; on the company website as part of their annual reports or as a separate sustainability report. This has become an increasingly popular method for publishing CSR information, and for some companies it is the only method they use. More CSR information is often available on company websites than in the hard copies of reports they produce. Online, it is common to find environmental and ethical disclosures separate to the annual report, but they seldom form the focus of stand-alone CSR reports and/or ethics reports (Rowbottom and Lymer, 2009).

2.2.3 CSRR Features

The term ‘CSRR’ can be used to refer to a wide and diverse range of disclosures. Commonly, these include information on products, the impact of the company’s operations on the environment, employee relations and practices, and the relationship with customers and suppliers. For some companies, the disclosures may also cover political contributions, donations to charity, activities undertaken in the community, and any implications of the company’s products on consumer health and safety (Smith et al., 2005).

As previously mentioned, the majority of empirical research on this subject has so far concentrated on CSRR in the West, (for example, the United States and Australasia). Little attention has been paid to empirical research in developing countries, and the research of this sort that has been conducted generally concludes that CSRR activities in developing countries are not as advanced as in developed nations (Abu Baker and Naser, 2000; Tilt, 2016;) with regard to the amount of information that is disclosed or the number of companies that disclose such information. However, the results of a KPMG (2015) survey reveal an interesting conclusion regarding some developing countries:

Asia Pacific has risen to become the leading region for CR reporting over the last four years. This growth has been driven by a surge in reporting in countries such as India, Taiwan and South Korea, where mandatory and voluntary reporting requirements have been introduced (although specific requirements differ by country). More companies (79 percent) now report on CR in Asia Pacific than in any other region, followed by the Americas and then Europe (p.31).

Many developments have been made with CSRR since the first reports were published but — both in developed and developing nations — apart from a few mandatory environmental and employee disclosure requirements, it remains a voluntary practice in most countries. CSRR is also mainly qualitative in nature and limited quantitative information is presented to comply with certain regulations, such as employee numbers (Gray, 2007). The majority of qualitative CSRR appears to be driven by a desire to enhance public relations, building on corporate image by only presenting good news. However, such reports show serious weaknesses in terms of consistency, relevance, comparability and reliability (Tschoppl and Huefner, 2014).

2.2.4 CSRR Standardisations

Even though CSRR does not yet have an agreed standard approach, a number of standards and frameworks have been created for use in reporting. Many efforts have been made to establish CSR standards at an international level and at national levels regarding what information should be published and how it should be disclosed. The most widely recognised standards at an international level regarding external, social and environmental reporting are: The Global Reporting Initiative's (GRI) standards; AccountAbility's AA1000 Series; the United Nations (UN) Global Compact's Communication on Progress (COP); and the International Organization for Standardization for Social Responsibility ISO 26000. An example of efforts at standardisation at a national level is found in South Africa where an Integrated Reporting Committee (IRC) was created in 2010 due to a lack of legislature surrounding CSRR. This body disseminates a code of good practice requiring all entities listed on the Johannesburg Stock Exchange (JSE) to disclose information on environmental, social and economic issues as well as, and combined (integrated) with, the usual financial reporting that takes places annually (De Villiers et al., 2014; Huang and Watson, 2015). The next section of this chapter examines the most recognised international standards bodies: GRI, Accountability AA1000, UN (COP) and ISO 26000.

2.2.4.1 Global Reporting Initiative (GRI)

By far the most popular manner in which reports on sustainability are created is the framework represented by the GRI Sustainability Reporting Guidelines (Tschopp and Huefner, 2014; De Villiers and Alexander., 2014) that aim to bring the quality of sustainability reporting in line with that of financial reporting (Rodolfo, 2012). GRI was founded in Boston in 1997 as a department of CERES (Coalition for Environmentally Responsible Economies). One year later

a steering committee was established to develop GRI's guidance and to broaden the scope from being merely environmental to embrace social, economic, and governance issues. GRI's guidance became a Sustainability Reporting Framework with its first version, GR1, being generated in 2000. GRI then separated from CERES in 2001 to become an independent institution. GR2 was launched in 2002 and GR3 in 2006, while the latest version, GR4, was released in 2013. GRI is an international organisation with a wide network of stakeholders involving thousands of experts and organisations from different sectors. GRI is a non-profit organisation and has many 'focal points' in Australia, Brazil, China, India, South Africa, and the USA, while its Secretariat is located in Amsterdam. GRI gained strength and significantly increased its influence by establishing formal partnerships with the United Nations Global Compact, the Organization for Economic Co-operation and Development, and a number of other educational institutions (Global Reporting Initiative, 2018) Buck et al. (2014) explain that the

GRI Guidelines offer Reporting Principles, Standard Disclosures and an Implementation Manual for the preparation of sustainability reports by organizations, regardless of their size, sector or location. The GRI Guidelines also provide an international reference for all those interested in the disclosure of governance approach and of the environmental, social and economic performance and impacts of organizations. The GRI Guidelines are useful in the preparation of any type of document which requires such disclosure (p.2).

The GRI vision is of "[a] sustainable global economy where organizations manage their economic, environmental, social and governance performance and impacts responsibly, and report transparently.' It states its mission as '[t]o make sustainability reporting standard practice by providing guidance and support to organizations.'" The GRI guidelines are continually updated in collaboration with business and labour leaders, community representatives, auditors and experts in finance and other fields, as well as legislators and official bodies with regulatory oversight in various nations (Global Reporting Initiative, 2018)

G4 is the fourth and most recent set of guidelines issued by GRI. This framework has been created to fit all types and sizes of organisation globally. The G4 guidelines allow for a variety of reporting methods, including stand-alone, integrated, annual, and highly-specific reports, as well as online disclosures. G4 has three categories: economic, environmental and social, with numerous elements falling under each category. Thus, it is based on the triple-bottom line; however, the economic dimension does not focus on the financial situation of the organisation

but rather concerns economic effects on company stakeholders and how the business impacts on the local economy and internationally. G4 also presents several reporting principles (see Table 2.2, below) — split into two groups: Principles for Defining Report Content and Principles for Defining Report Quality— and their importance for achieving transparency in sustainability reporting. The content group details how to recognise relevant information regarding company actions and effects, as well as the requirements of stakeholders. The second group of principles assists organisations in guaranteeing levels of quality, including correct methods of dissemination, in order that stakeholders have the knowledge with which to enhance company performance.

Table 2.2. G4 Guidance Principals

G4 Guidance Principals
Principle for defining report context
Stakeholder Inclusiveness: The organization should identify its stakeholders and explain how it has responded to their reasonable expectations and interests.
Sustainability Context: The report should present the organization’s performance in the wider context of sustainability.
Materiality: The report should cover Aspects that reflect the organization’s significant economic, environmental and social impacts, or substantively influence the assessments and decisions of stakeholders.
Completeness: The report should include coverage of material Aspects and their Boundaries, sufficient to reflect significant economic, environmental and social impacts, and to enable stakeholders to assess the organization’s performance in the reporting period.
Principle for defining report quality
Balance: The report should reflect positive and negative aspects of the organization’s performance to enable a reasoned assessment of overall performance.
Comparability: The organization should select, compile and report information consistently. The reported information should be presented in a manner that enables stakeholders to analyze changes in the organization’s performance over time, and that could support analysis relative to other organizations.

Accuracy: The reported information should be sufficiently accurate and detailed for stakeholders to assess the organization's performance.

Timeliness: The organization should report on a regular schedule so that information is available in time for stakeholders to make informed decisions.

Clarity: The organization should make information available in a manner that is understandable and accessible to stakeholders using the report.

Reliability: The organization should gather, record, compile, analyze and disclose information and processes used in the preparation of a report in a way that they can be subject to examination and that establishes the quality and materiality of the information.

source: Global Reporting Initiative (2018)

G4 issued with the objectives of making the standards user-friendly for all types of users and to ensure clearer definitions and better quality. It seeks to be aligned with other international reporting guidance. G4 standards put Materiality in the centre of all the guidance and encourages reporters to focus on what critically matters and is manageable by the organisations. Materiality is bounded by information that is important for the stakeholders and the corporation in order to produce more strategic and credible reports. Identifying the stakeholders and their interests is a key point for preparation the report as well as identifying the scope and time as called 'completeness' in the standards. To ensure the quality of information in the report, G4 highlighted that the report should avoid biased presentation in either presentation format and in content. Comparability is another standard which seen necessary for enabling stakeholders to evaluate company's performance. The quality of information included in the sustainability report requires sufficient accuracy which may vary according to who uses the information and the nature of the information. It also requires to be released in in time for users to make their decision and to be presented in an understandable and reliable manner (Global Reporting Initiative, 2018)

2.2.4.2 AccountAbility's AA1000 Series

AccountAbility is a non-profit network created in 1995 that promotes itself as "a leading global organisation providing innovative solutions to the most critical challenges in corporate responsibility and sustainable development [by] helping corporations, non-profits and

governments embed ethical, environmental, social, and governance accountability into their organisational DNA.” (AccountAbility, 2015). It works through five offices located in London, New York, Zurich, Dubai and Riyadh. The network’s vision is of ‘a world where people have a say in the decisions that have an impact on them, and where organisations act on and are transparent about the issues that matter’ (AccountAbility, 2015)

AA1000 series are ‘principles-based standards to help organisations become more accountable, responsible and sustainable’ (AccountAbility, 2015). The process of developing the standards has a multi-stakeholders base to ensure that organisations of all sizes and types, from different regions or societies are able to apply them. Understandably, developing the standards is an ongoing process as they go through continual revisions, reflecting users’ reviews and by engaging diverse stakeholders. The latest version of AA1000 Series of Standards has three categories: The AA1000 AccountAbility Principles Standards (AA1000APS); The AA1000 Assurance Standards (AA1000AS); and The AA1000 Stakeholder Engagement Standards (AA1000 SES). In addition to these standards, AccountAbility also publishes guidance and research materials, training and certification to enhance understanding and implementation of the series. (AccountAbility, 2015)

AA1000 APS (2008) first emerged in 1999 within the AA1000 AccountAbility Framework Standards and then as a part of AA1000AS (2003), but finally became a separate entity in 2008 following a consultation process. The primary aim of the principles is to help organisations achieve an accountable and strategic sustainability performance level. There are three principles in APS 2008: Inclusivity, Materiality and Responsiveness. Inclusivity is the foundation principle and is necessary for applying the other two. **Inclusivity** means integrating the stakeholders in the process of accountability and to enable their collaboration at all levels, while maintain a balance of involvement. As a consequence, in order for an organisation to take the right decisions related to their sustainability, the input information regarding any issue must be characterised with the **Materiality** principle, in that it must be relevant and will influence the decision or the consequent level of performance. The determinants here are the right type of information from the right resources in the appropriate period of time. Thus, **Responsiveness** the third principle can be shown by any improvements in the organisation’s objectives, policies, management systems or any actions taken as a response to a material issue which meets the expectations of stakeholders.

The **AA1000 Assurance Standards 2008** is the second edition (the first edition was 2003). Sustainability reporting assurance is in line with the financial reporting assurance and as it provides a comprehensive way for practitioners to evaluate the compliance of organizations to AccountAbility Principles and the quality of the information disclosed on sustainability performance. Similarly, the AA1000 Stakeholder Engagement Standard (AA1000SES) assists organisations to build engagement with stakeholders in a clear and effective manner. In addition, this standard brings together all the elements of business sustainability to provide actionable data leading to enhanced performance.

2.2.4.3 (UN) Global Compact Communication on Progress (COP)

The Global Compact came into existence in 2000 and is described by the UN as “[t]he world’s largest corporate sustainability initiative” (UN Global Compact, 2013). The compact consists of ten principles based on standards regarding labour, the environment, human rights and anti-corruption. The network created around the compact and its reporting element, COP, is made up of UN agencies, hundreds of business associations, dozens of unions and community organisations, hundreds of academics, and over 2000 social groups. (UN Global Compact, 2013). While the scheme does not offer rigid standardisation, participants are required to declare their alignment with the compact (including why the company engages with the principles), how they are enacting its principles, and empirical evidence of desired outcomes relating to the scheme using performance indicators. These indicators are identified by the company in order to best reflect their performance within their own context (UN Global Compact, 2013). Participants are asked to disseminate their reports to stakeholders and to post the information on the compact’s website (Tschopp and Huefner, 2014).

2.2.4.4 ISO 26000: Guidance on Social Responsibility

As the name suggests, ISO 26000 Guidance on Social Responsibility (first released in 2010) assists organisations to conduct their business in a responsible manner, with a focus on transparency and ethical practices, for the good of society via clearly set out guidelines. Unlike other ISO standards, there is no certification process or a rigid framework. ISO 26000 lays down the principles of social responsibility to assist organisations of any size, sector or locale, to develop and share best practices that can be enacted through day-to-day business operations. Organisations are encouraged to share their reports with all stakeholders, including employees and the wider community, in order to raise awareness of, and increase the amount and quality of, reporting in a drive towards making it an international standard practice. ISO 26000 is

overtly aligned with the GRI guidelines; however, ISO 26000 offers a structure for organisation to organise their CSR activities while organisations are encouraged to report using the GRI framework (ISO, 2018).

To conclude, all of the CSRR standardisation guidelines discussed above have their merits, but all also have their detractors. Some organisations feel that the GRI is far too rigid and that the performance indicators are irrelevant, costly to measure or do not provide clarity for stakeholders. The AA1000 Series has been criticised for allowing selective reporting due to the ambiguity contained within it. This is also the case for the UN Global Compact. Again, critics argue that allowing organisations to choose performance indicators arbitrarily can lead to inaccurate or biased reporting. Furthermore, all of these guidelines face the challenge of meeting the various requirements of different groups of stakeholders, both internal and external, local and global, meaning that CSRR standardisation is unlikely to occur in the near future (Tschopp and Huefner, 2014). Another issue that slows the process of harmonisation is how voluntary or mandatory standardisation at a national level aligns with international standards. Global organisations are expected to align with international reporting principles and these are not always in step with localised guidelines. National regulators should be encouraged to build reporting frameworks that match international standards to assist comparisons and the sharing of best practice, to avoid the creation of extra work, and to improve the quality and timeliness of reporting. For example, the case in Norway and Denmark, two countries that have avoided a national reporting framework in favour of using internationally-recognised reporting mechanisms (Bartels, et al. 2016).

2.2.5 CSRR Drivers

CSRR literature uses a range of terms labelling the incentives and the objectives behind undertaking CSRR. For example, ‘determinants’ (Yao et al., 2011; Akroun and Ben Othman, 2013; Huang and Watson, 2015; Ali et al., 2017), ‘factors’ or ‘variables’ (Adams, 2002; Jamali and Mirshak, 2007), ‘motivations’ (Murthy and Abeysekera, 2008), and ‘drivers’ (Tschopp, 2012). However, CSR drivers in this thesis are the forces that have the capacity to influence and drive a company’s CSRR behaviour. It is important to distinguish between what drives organisations to adopt CSRR (CSRR drivers) and what outcomes are expected to be gained from that adoption (desired outcomes). The desired outcomes which sometimes referred

to in the literature as motivations or drivers are the positive results that are expected or sought by applying CSR practices.

Within the extant literature, there is no definitive list of CSR drivers; nor is there broad agreement regarding the nature of their relationships with CSRR. Furthermore, there is little scholarship on the interconnectedness of CSRR and actual CSR performance, something that is not easy to measure. It has been noted by scholars such as Tschopp (2012) that the level of reporting is definitely increasing (KPMG 2015), but although the content of reports is often valuable this does not automatically lead to improvements regarding environmental or social issues. Dawkins and Fraas (2008) are optimistic that increasing reporting rates, along with improvements in reporting quality, will bring changes in corporate practice, and greater public and regulatory scrutiny regarding social and environmental impacts. Huang and Watson (2015) emphasise that, although CSR is becoming increasingly popular as a concept, CSR activity is far from uniform within different sectors and scholars are continuing to find reasons for this by studying CSR drivers in various industries.

Some important findings can be drawn from the discussion in this section of the thesis, taking into consideration that the inconsistencies between studies can be seen as linked to the differences in countries, timeframe, samples and research design (Gray et al., 1995; Smith et al., 2005). KPMG (2013) concluded that many surveyed companies report on CSR in their annual report while a minority are using integrated reports. Another finding was that, even though CSRR has been a predominantly voluntary activity in the past, many governments and regulatory bodies are now bringing in mandatory reporting legislation; for example, France, Denmark and South Africa. Such regulation is encouraging higher rates of reporting in many other countries, such as Taiwan, Singapore, Nigeria and India. The same result was confirmed in a later report by KPMG (2015), which noted that legislation regarding the disclosure of financial and non-financial material is the most influential driver for CSRR. A study by Yao et al. (2011) investigating CSR drivers in the Chinese capital market found that Chinese organisations are far more likely to engage in CSRR as a result of government regulation. Therefore, it seems that regardless of CSRR traditionally being a voluntary practice, the influencing power of government, parent companies and companies' owners, works as a primary driver for disclosing CSR information in addition to helping to provide the necessary resources for facilitating that disclosure (Tschopp, 2011).

While scholars like Tschopp (2012) argue that there is often only one primary driver of CSRR for a company, many other scholars identify numerous drivers in their studies, as we shall see in the following section. Scholars are in broad agreement that larger companies tend to report in more depth than smaller organisations (Meek et al., 1995; Smith et al., 2005; Yao et al., 2011). However, scholars like Urquiza et al. (2010) refute this denying that any such relationship between organisational size and levels of disclosure exists. Nevertheless, there is significant agreement regarding the connection between quality CSRR and associated financial benefits; for example, reduced costs related to borrowing, and enhanced profitability and leverage (Naser et al., 2006; Dawkins and Fraas, 2008; Urquiza et al., 2010). Industry type, stakeholder pressure, stock market listing and audits are some elements that have been investigated which were found to possibly provide an explanation for a company's disclosure (Fifka, 2013). Public reaction to corporate misbehaviour has led to calls for higher levels of disclosure. An increase in reporting tools and frameworks like the Global Reporting Initiative, and triple bottom-line reporting (Elkington, 1999) have increased expectations for more transparency. Information regarding the size, type or status of an organisation is relatively easy to identify, measure, access and disseminate. Other drivers such as stakeholder expectations and requirements are more difficult to identify and measure, requiring data collection and analysis (Fifka, 2013).

Jamali and Neville (2011) argue that global CSR harmonisation is problematic as the concept of CSR is perceived through the lenses of specific national socio-political and cultural contexts. Tilt (2016) also suggests that socio-cultural differences influence how societies understand concepts such as sustainability and CSR, and stresses the importance of considering both religious and cultural aspects. Scholarship in this regard investigates religious influences on CSR (Jamali and Sdiania, 2013; Jamali and Mirshak, 2007; Kamla, 2007; Visser, 2009; Tilakasiri, 2011; Ronnegard, 2011), with particular interest falling on Islamic organisations (for example, banks) (Zubairu et al., 2011). Scholars examine religious ideas about society, the environment, and concepts such as justice and fairness. Organisations with a strong religious underpinning tend to participate in CSR activities and carry out CSRR willingly (Tilt, 2016). Visser (2009) notes that in developing nations religious and social values that are rooted in communities are often reflected in attitudes towards CSR and its practice. Indeed, as Kamla (2007) has shown, CSR reports in developing nations are far more likely to contain information relevant to local and religious community beliefs and concerns than reports found in the West. It is predicted that Middle Eastern countries, where the culture is heavily focused upon religion

in daily life (Tilakasiri, 2011), will create their own CSR path and will not mimic the Western concept because of religious and cultural influences (Ronnegard, 2013). Islam, for example, may influence disclosure practices in two ways. Islam encourages transparency and honesty, but CSRR is not always greeted positively by stakeholders or special interest groups who can sometimes take the view that declaring CSR activities (for example, charitable donations) is a form of boasting and/or a manipulative public relations exercise (Momin, 2006). Attitudes towards CSRR can be seen, therefore, to be complex and often dependent on the national context. Adelopo (2013), using two of Hofstede's culture dimensions to study CSR disclosures by banks, found that banks in high uncertainty avoidance cultures (for example, Greece) engage in more CSRR than less uncertainty avoidance nations, like Germany, due to a low tolerance for ambiguity and a preference for rules and clearly-defined structures. Therefore, there are unexplored areas of scholarship related to CSR activities and CSRR as these practices become more prevalent; furthermore, this is not limited to sociocultural factors as other issues, such as the local economic situation are also important to consider (Tilt 2016).

2.2.6 CSRR Desired Outcomes

Golob et al. (2013) show that the topic of desired outcomes of CSRR is the least studied in the literature. Whatever label one uses to describe these desired outcomes — be it 'motivations' or 'drivers' as discussed above — research has shown that there are several types that lead companies to issue CSR reports. Compliance, marketing (enhancing reputation and thus competitive advantage), and responding to pressure from stakeholders are the elements most cited in the literature as reasons for companies reporting. Pressure from sources such as government, media, NGOs, investors and societal awareness groups have come to increase expectations on organisations to accept their responsibility for their impact on society and to report on that responsibility. Companies who do not act as expected face a number of issues including public outrage, loss of reputation, legal disputes, and the loss of funds from potential investors (Manaf et al., 2006; Kabir and Akinnusi, 2012). Compliance with regulations and with the expectations of various pressure groups highlights the importance of that pressure for increasing engagement in CSR and CSRR by organisations (O'Dwyer et al., 2005, 1999). Thus, this type of pressure can be seen as both a CSRR desired outcome and a CSRR driver. It also suggests that the level of this reporting is a result of exposure to several types of pressure. This may explain why large firms and environmentally-sensitive industries are expected to exhibit

more social and environmental responsibility because they tend to receive more attention from their stakeholders (Yao et al., 2011; Fifka, 2013).

Scholars show that CSRR can be used to control reputation risk (Bebbington et al., 2008). A literature review by Perez (2015) on the relationship between CSRR and corporate reputation demonstrates that CSRR can be a tool for enhancing the reputation of a company. This use of CSRR therefore offers value to companies and can be used as a foundation for growing a positive reputation (Dawkins and Fraas, 2008). Adams (2002) argues that the main motivation for CSRR is to enhance company image and credibility with its stakeholders because of the pressures noted above, and especially public pressure. Therefore, reporting development and changes in company practices is influenced by image motivation and public relations. Furthermore, scholars tend to agree that negative reporting can also enhance a company's image, by building trust, but that detailed reporting of this kind did not proportionally increase the enhancement of reputation (Adams, 2002). Whereas organisations in the West are held to account by regulators and public groups, while also attempting to maintain competitive advantage via a strong reputation, this is not the case in developing nations. Pressure groups are not as prevalent and those that do exist do not tend to have the access, resources or numbers to give an effective voice to their concerns. As a result, the amount of pressure brought to bear on companies in unregulated countries is minimal due to a lack of government interest and a disregard for consumers or activists (Haniffa and Cooke, 2005; Kamla, 2007; Jamali and Neville, 2011).

2.2.7 CSRR and Accountability

It is widely accepted that accountability is a central element of society and organisations, yet literature on this topic is scant. It is assumed that the failure in accountability can cause failure in organisation's viability (Frink and Klimoski, 2004). Simply put, accountability is "an obligation to give an account [and] in an accountability relationship there will be at least one principal and at least one agent" (Law, 2018). In the same vein, Gray et al. (2014) state that accountability is a 'phenomenon that arises, in some form or other, in nearly all relationships. It can be simply defined as [t]he duty to provide an account or reckoning of those actions for which one is held responsible' (p.50). Given that social structures consist of complex relationships where 'common sets of shared expectations for behaviour' (Frink and Klimoski,

2004, p.3) can be defined, it is there where accountability appears. Thus, accountability is an agreed code of behaviour that regulates specific social or organisational interactions.

Tetlock (1992) takes this further stating that without the ability to call individuals to account provides systems for maintaining order and agreeing on codes of behaviour. Therefore, any relationship between parties, be they societies, groups, individuals, organisations and so on, implies a responsibility (Jones, 1977; Gray et al., 1988; Agyemang, 2009; Sinclair, 1995) to function effectively in that relationship. Therefore, accountability occurs due to the connections between individuals or groups and is framed by a specific context and is manifested by the actions expected or required. The moral context requires offering an explanation/accounts of the actions taken (Gray et al., 2014). The accounts, therefore, can be formal or informal and are subject to the nature and how close the relationships are as formal connections require a proportional form of accounts (Gray et al., 2006). Accountability — as derived from responsibility/duty — involves the responsibility to undertake or not to undertake the expected actions in addition to offering an account of them. A straightforward example is the relationship (formal accountability) between a company's management team and its shareholders, wherein the management must give an accurate account of all aspects- financial and non-financial- of the business.

In the same manner as the theoretical conceptualisation above, AccountAbility (2018) defines accountability as:

the state of acknowledging, assuming responsibility for and being transparent about the impacts of an organisation's policies, decisions, actions, products, services and associated performance. When an organisation holds itself fully accountable, it seeks to involve stakeholders in identifying, understanding and responding to material sustainability topics and concerns, and to communicate with and be responsive to stakeholders regarding one's decisions, actions and performance. Accountability comprises the way in which an organisation sets strategy, governs and manages performance (p.12).

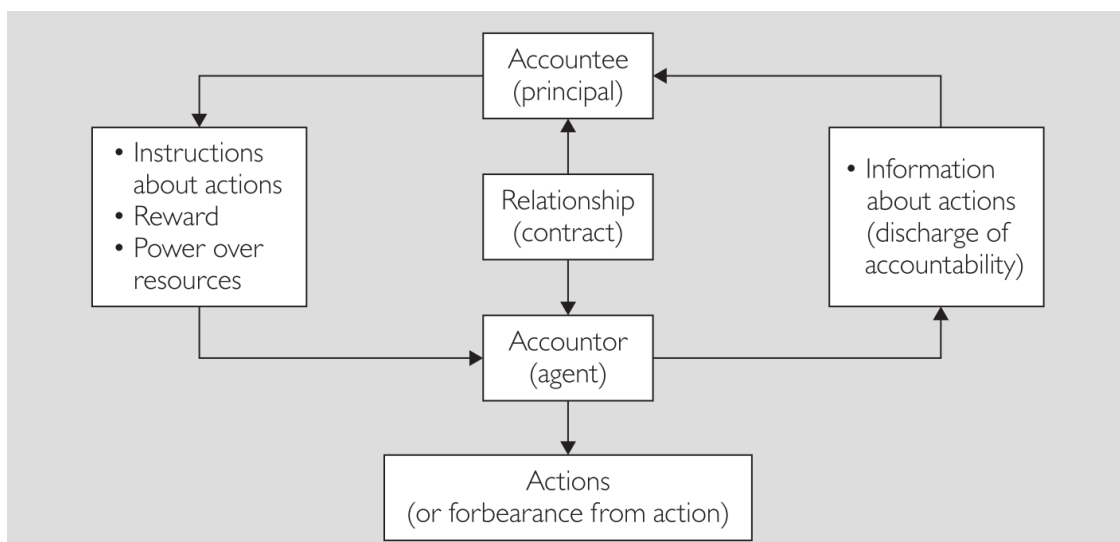
This definition clearly points to other elements (in addition to 'responsibility') such as transparency, the two ends of the relationship, what they are accountable for, and how and why this accountability is necessary.

Parts of relationships can be legal when they are governed by law while some other relationships can be ruled by a society's ethics and culture (Gray et al., 2014). Legislators in many countries tend to set the minimum level regarding accountability under law (Tinker et

al., 1991). As Gray et al. (2014) state '[i]f we were content to leave accountability to only legal forces and voluntary initiatives, the demands of accountability would rarely be satisfied' (p.53). AL-Khater and Kamal (2003) emphasize on the importance of law in enforcing CSR disclosure and the role government plays in ensuring transparency.

Social accounting involves the 'preparing and publication of an account' (Gray, 2008, p.1) about many aspects of an organisation, such as social and environmental activities. These accounts can be made up of a wide-range of information, which is not necessarily limited to financial details (Gray, 2008). These social accounts are framed and driven by various motivations but the organisation's duty to its stakeholders is dominant, while also demonstrating the depth and quality of the account (Gray, 2000). However, Adams (2002) presented evidence that the companies in her sample were not driven to engage with CSRR by ideas about transparency or from a sense of duty to carry out accurate reporting. In this context, therefore, the annual report, the financial statements and CSR reports can be seen as 'accounts' and as the mechanism and manifestation for discharging accountability (Gray et al., 1996; Gray et al., 2014).

Figure 2.4 A Simple Model of Accountability



Source: Gray et al., 1996, p. 39.

Figure 2. is a model of accountability generated by Gray et al. (1996, p.39; Gray et al., 2014, p. 52). On first view, the model may seem basic; however, it is extremely useful for

investigating complicated circumstances and relationships. As can be seen in the diagram, there is a relationship between the accountee or principal (for example, a shareholder) and the accountant or agent (for example, a senior executive). This relationship is governed by the contract, which sets out roles, responsibilities and the forms of accountability existing between the accountee and accountant (Gray et al., 2014). Therefore, the relationships will “reflect the social context of that relationship (e.g. the importance that society places on the flow of capital to the company in return for the privileges of limited liability and rights to information)” (Gray et al., 2014, p.51).

Accountability is characterised in that it is not a ‘unitary phenomenon’ and is ‘not only complex -because we must answer to a variety of others under a variety of ground rules — but often fluid and dynamic — as each party to the accountability relationship learns to anticipate the reactions of other’ (Lerner and Tetlock, 1999, p.256). For accountability to be dynamic, levels of accountability need to change constantly to meet the changes in the nature of responsibilities (Gray et al., 1996). Accountability is grounded in ideas regarding access to information, including legal rights to this access. The provision of accurate accounts strengthens democratic systems, ensuring justice, and encouraging powerful organisations to exercise responsibility proportionate to that power (Gray, 2008). Accountability is a mechanism that increases the likelihood of organisations and individuals being held to account. Indeed, a study by Guidice et al. (2013) showed that individuals who recognised their accountability to their superiors demonstrated higher levels of accurate reporting.

As the relationship between the accountee and accountant can flow in either direction, accountability is used to create a balance of power, aided by the ability of the principal to impose his/her accountability on the agent. Furthermore, the elements of an organisation’s operations that are to be scrutinised via accountability are not only chosen by the organisation but also by the society in which it exists (Gray et al., 2014). Given that CSRR is selective and does not reflect the complete picture of CSR activities, accountability is therefore not discharged (Gray, 2002).

2.3 CSRR in Developing Countries

The number of companies producing social and environmental reports has grown progressively, which shows how far CSRR has developed and how it has evolved into an ordinary business exercise. According to a KPMG survey of 2015, inclusion CSR data in

annual financial reports is now a common international practice. A mere 20 percent of N100 companies offered CSRR in their company reports in 2011. This rate has increased to a current rate of 56 percent. This increase is due to increasing regulation at a national level. Strong regulation is found in the eight nations that record the most CSRR activity, including Norway, South Korea and Taiwan, where dramatic increases in reporting have occurred.

In 2008, only 9 percent of over 4000 companies disclosure CSR details in their company reports. This figure rose to 51 percent in 2013 (KPMG). In spite of this significant progress, research on CSRR is still a developed country phenomenon, as the majority of CSR studies have been undertaken in developed countries. Very few studies have focused on CSR in developing countries and the existing literature is relatively narrow in scope. Most of the research conducted in developing countries was concentrated on newly industrialised countries such as Hong Kong, China, Korea and Malaysia (Akrouf and Ben Othman, 2013) while few studies have focused on Arab countries. In general, these studies mainly have a social nature (Visser, 2009) and are relatively recent and have an exploratory aim. Furthermore, the research has been mostly restricted to one sector in one country in a specific year. There are a few other studies that present a broader scope of research. For example, Chapple and Moon (2005) analysed Web site reporting of 50 companies in seven Asian countries (India, Indonesia, Malaysia, the Philippines, South Korea, Singapore, and Thailand) in order to investigate how homogeneous CSR was among these countries. The study investigated whether variations are clarified by stages of development, if globalisation improves the adoption of CSR in Asia, and whether national business structures form the profile of multinational corporations' CSR. The findings showed that the practices varied among the countries but this variation is related to national business systems rather than the development stage, which in turn reflects the profile of the country of operation rather than the original country. Therefore, multinational companies are more likely to accept the need for CSR.

Another study by Hossain et al. (2006) developed a disclosure index to measure the extent of disclosure made by companies in corporate annual reports in Bangladesh. The sample of this study covered the annual reports of the whole population of 150 non-financial companies listed on the Dhaka Stock Exchange between 2002 and 2003. In line with many other studies of developing countries, it concluded that companies in Bangladesh appeared to have the lowest levels of social and environmental disclosure as only 8.33 percent of Bangladeshi companies disclosed social and environmental information in their corporate annual reports. However, the

efforts made by these organisations were on a voluntary basis and the information disclosed was mostly qualitative in nature.

Another important piece of research by Kamla (2007) aimed to explore the realities and potentialities of social accounting and reporting with regards to volume, quality and nature in 68 company annual reports in nine Arab Middle East (AME) countries. These were Saudi Arabia, Qatar, Bahrain, Oman, Kuwait, Syria, Jordan and Egypt. Four dimensions were used to address the research aim: 'economic', 'environmental', 'general social' and 'other cultural' characteristics of the reports. Interesting results were achieved in this study which showed that the level of disclosure for the four dimensions was 69 percent in the economic dimension (where the most popular items were related to the customer), 51 percent for the environmental dimension, 91 percent for general social (mostly relating to employees), and finally, 53 percent for the other social characteristics dimension. The study also concluded that only one company in the sample published a stand-alone social report (Bahraini Telecommunications Company), while, in general, other Arab companies include social disclosure in their annual reports and the majority of disclosed information is positive. Furthermore, there was an absence of third party independent verification statements (auditors).

In the same context, with the aim to shed light on the determinants of environmental disclosure in Arab Middle Eastern and North African (MENA) countries, a study was conducted by Akrouf and Ben Othman (2013). This research investigated a sample of 153 companies operating in polluting sectors in 2010 using the web sites of the financial markets in the MENA region. This was in addition to the web site www.gulfbase.com, which specialises in financial and stock market information regarding companies in Gulf Co-operation Council (GCC) countries. The factors investigated were company size, leverage and profitability, business culture, family ownership and state ownership. The findings showed that the level of environmental disclosure is considerably affected by company size and performance as well as a negative and significant relationship with family ownership.

These findings are consistent with many other studies, for example Soliman et al. (2012) who added that different owners have differing effects on the firm's CSR practices. However, this study is limited to a specific sector and only analysed the web sites of the companies in one year. Some studies explicitly or implicitly compared the situation in developing countries with developed countries. In general, the comparisons demonstrated that corporations in emerging markets mainly follow western practices.

One important piece of comparative research in this context is that of Hanafi (2006) who aimed to explore corporate social disclosure (CSD) practice in annual reports in Egypt as well as to compare this with UK practice. The researcher investigated 82 top listed companies in Egypt over 4 years using Content Analysis, the most common method in CSR research. As with other studies in developing countries, the level and quality of CSR disclosure in Egypt is not only low but lower than the UK. However, in general, the patterns are similar in both countries regarding the dominating presence of employee-related information. Environmental information was seen to be a second priority, followed by consumer information. The differences were mainly in specific items as a result of the differences in the regulations found in the two countries. Interestingly, the compliance with legislation is found to be commonly partial or even absent.

These results are consistent with a study by Eljayash et al. (2013) regarding the national oil and gas corporations (NOGCs) and international oil and gas corporations (IOGCs) oil sector in Arab petroleum exporting countries. The study investigated the quantity and quality of CSR disclosure in 9 Arab regions (Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Bahrain, Egypt, Libya, Tunisia and Algeria) and 9 developed regions (America, Britain, Australia, Canada, France, Italy, Japan, Russia and Germany) using the content analyses for the annual reports of 2008, 2009 and 2010. Not surprisingly, the study showed a significant variation in the level of disclosure across the countries as well as a big difference between national and international practices. Another finding demonstrated that the Arab Emirates and Saudi Arabia have the highest level of disclosure and the most similarities in quality to that of developed countries.

From a non-comparative perspective, there are some studies focusing on a specific country; for example, Hossain and Hammami's study (2009) was conducted in Qatar and examined 44 voluntary items using statistical analysis and multiple regression analysis in order to define the determinants of voluntary disclosure in the annual reports of 25 listed firms of the Doha Securities Market. The findings showed that the average level of voluntary disclosure in the sample was 37% and the determinants age, size, and assets-in-place are significantly related to the disclosure level, while profitability is insignificant. This study is limited to a small number of companies (25) and also to one year (2007), which calls into question how far the findings can be generalised.

Another study was conducted in Qatar by AlNaimi et al. (2012) exploring the status of CSRR in the country. It confirmed a low level of disclosure in terms of social items mostly related to employees. However, the essential finding in the study was the absence of environmental and energy information by the industry sector. No difference was found in Egypt as according to Rizk et al (2008) the quantity of information disclosed by companies is low and varies among the nine industry segments surveyed.

2.4 CSR and CSRR in the Saudi Arabian context

2.4.1 General Background About Saudi Arabia

This section highlights the different relevant aspects related to the Kingdom of Saudi Arabia as the focus of this study. These aspects, such as demographic, economic and cultural information, are expected to enhance the analysis of the data collected for this research and to increase understanding regarding the background of the participants.

The KSA is one of the largest countries in Asia and the thirteenth largest country in the world. According to a recent demographic survey, 1437H (2016), the current Saudi population is 31,742,308 with an average annual increase of 2.54 percent. Out of this number, the male/female distribution was 57.44/42.56 percent (Saudi General Authority for statistics, 2016). Saudi Arabia holds membership of the United Nations (UN), the Organization of the Islamic Conference (OIC), the Gulf Co-operation Council (GCC) and Organization of Petroleum Exporting Countries (OPEC), the G20, and the World Trade Organization (WTO).

Saudi Arabia is the main oil and gas producing nation and possesses a significant percentage of global oil reserves. The Saudi government is engaged with a programme of economic reform (encapsulated in the countries Vision 2030 published in 2016), seeks to diversify the predominantly oil-based economy, and is actively encouraging foreign investment — particularly through the Saudi Arabian General Investment Authority (SAGIA) formed in 2000, which has a mandate for assisting investors (national and international). The petroleum sector is a major source of revenue for Saudi Arabia currently representing 42 percent of GDP and making up 90 percent of export revenues. A fall in oil prices had a distinct impact on

national finances and the government was forced to reduce subsidies on water, power and fuel. It also reformed and lowered compensation packages for public sector workers, as well as introducing a series of new land taxation measures. In conjunction with other oil producing nations, Saudi Arabia has reduced production to assist in the regulation of global supply and demand (CIA, The World Factbook, 2018).

Saudi Arabia possesses a variety of valuable natural resources apart from gas and oil (Mandurah et al., 2012), including iron and precious metals. The country's industry sectors produce a range of materials and substances including oil, petroleum, industrial gases, petrochemicals, cement, plastics, and fertilizers. The country also engages in the repair of commercial ships and aircraft, and has a strong construction industry. The Saudi government continues to encourage diversity in its economic base (an increase in power generation and communications technology, for example) and is engaged with privatisation activities, particularly in sectors such as education, health and tourism (CIA, The World Factbook, 2018).

Saudi Arabia is facing some environmental challenges. A reduction in water resources and the absence of bodies of water has led to desertification problems. These issues have been met by the construction of desalination plants to harvest seawater. The marine environment has also suffered due to oil spills off the coast in recent years. Solar power is a growing project in the country and is moving towards installations that could supply or of the nation's electricity needs (Visser, 2016)

While the gas, oil and other industries based on natural resources remain important, tourism and travel are a major aspect of the economy, particularly due to the large numbers of pilgrims who visit holy places such as Mecca and Medina – for example, approximately two million people attending the Hajj in 2016 — (General Authority for Statistics, 2016).

The Kingdom of Saudi Arabia is an Islamic monarchy and Islam is at the heart of socio-political, economic and cultural life and, as noted above, is a focus for millions of Muslims around the world due to its holy sites (Al- Twaijry et al., 2003).

The country is, however, facing issues such as unemployment, which in 2016 stood at 5.7 percent. The Ministry of Labour has created a Human Resources Development fund, and the government are actively encouraging entrepreneurship to broaden the country's economic base and accelerate economic diversification (Visser, 2016)

The Saudi government recently showed its determination to resolve the country's corruption problem by taking very serious steps. Transparency International publishes the Corruption Index detailing corruption in national public sectors and giving a score from zero (high corruption rates) to 100 (no corruption). In 2017, Saudi Arabia received a Corruption Index score of 49 demonstrating that corruption remains a problem to be tackled (Transparency International, 2018).

Saudi Arabia has an extremely hierarchical social structure and this is reflected in the corporate world of the country (Al-Twaijry et al., 2002; Haniffa and Hudaib, 2007). Tribal relationships are very important, and the Saudi business context contains many ownership arrangements linked to the government or families. It has traditionally been the case that foreign investors cannot hold equity and the focus on government and family ownership reduces stakeholder influence, even though many global firms operate in the Kingdom (Al-Bassam et al., 2015).

2.4.2 Regulatory Bodies and Corporate Contributors to CSR in Saudi Arabia

The government of Saudi Arabia demonstrated early interest to corporate reporting. The Disclosure and Transparency Standard was issued in 1985 under the sponsorship of the Ministry of Commerce and Industry (Al Janadi, 2011). This Standard demands companies adhere to accepted financial standards, requiring the disclosure of their accounting policies, any changes in their accounting procedures and nature of their business in addition to their annual financial statements and balance sheet. (Al Janadi 2011). To enhance the quality of these disclosures the Capital Market Authority (CMA) has called for increasingly high governance standards. A plan encompassing International Financial Reporting Standards (IFRS) has been executed to merge existing nation regulation with the IFRS. These standards were enacted in January 2017. Now, all listed businesses are required to report in line with the IFRS guidelines — Limited Liability companies have been compelled to do so since January 2018. Other businesses must report using the SME IFRS framework. ISO 26000 for Social Responsibility is a voluntary code that is also recognised but this is not regulated at present (Visser, 2016). The following section examines the regulatory bodies and corporate contributors to CSR and CSRR in Saudi Arabia.

2.4.2.1 Saudi Arabian General Investment Authority (SAGIA)

In 2000, the Saudi Arabian Council of Ministers created the Saudi Arabian General Investment Authority (SAGIA) to assist economic growth and improve conditions for local and foreign

investors, measuring performance and carrying out investment-related research and planning, assisting the ongoing widening of diversity within the Saudi economy (General Investment Authority, 2018)

Working with the frameworks of Saudi Vision 2030 and the National Transformation Program 2020, SAGIA has developed numerous services and resources for investors, including business centres, while also making efforts to encourage large companies in attractive industries overseas to invest. Furthermore, a central focus is also to improve Saudi business sectors, increase competitive advantage in international markets, and provide platforms for discussion such as conferences aimed at both national and international participants. SAGIA continues to develop its responsibility and aims to be a major body in guiding and creating the regulatory systems required to grow and sustain the Saudi economy.

SAGIA, in collaboration with the King Khalid Foundation and the international consultancy firm AccountAbility, sponsors the Saudi Arabian Responsible Competitiveness Index (SARCI). SARCI promotes policies and programmes to businesses that encourage sustainability, while also considering the manner in which companies develop competitive advantage via engagement with socio-economic and environment issues.

In 2008, SAGIA hosted the first symposium in the Kingdom in collaboration with Harvard Kennedy School's (HKS) Corporate Social Responsibility Initiative (CSRI) and the King Khalid Foundation (Khan et al., 2013). This forum brought together luminaries from academe, members of the local Chamber of Commerce, international NGOs, representatives of the Saudi government and Saudi foundations in Riyadh (Khan et al., 2013).

2.4.2.2 The Capital Market Authority (CMA)

While the Saudi Capital market was born in the mid-twentieth century it was not regulated by government until the 1980s. A Royal Decree (2003) created the Capital Market Authority (CMA), a body responsible advancing and regulating the market under Capital Market Law, which also came into force with the 2003 decree. The CMA's main objectives are to enhance the Saudi investment environment, increase reporting quality and accountability, and to ensure that appropriate levels of protection exist for investors.

This Capital Market Law also created a Saudi stock exchange (*Tadawul*), which is the sole trader of securities within the Kingdom. The exchange offers arrange of services enabling participants to compete globally (Capital Market Authority, 2018).

2.4.2.3 King Khalid Foundation KKF

A Royal Decree of 2001 created the King Khalid Foundation (KKF). This foundation aims to assist NGOs and private companies to be of benefit to the people of Saudi Arabia via enhancing NGO capabilities and performance and encouraging effective sustainability and CSR behaviour in the private sector (King Khalid Foundation, 2018).

The KKF also has a stated aim of enrich and improve the skills held by Saudi young people by ensuring appropriate levels of training, mentoring and opportunities, with particular regard to entrepreneurship.

In conjunction with the international consulting firm AccountAbility, the KKF has created the Responsible Competitiveness Branch in line with the Saudi Responsible Competitiveness Index (RCI). This branch leads on strategy, charitable activities, development, sustainability, and CSR in step with international standards.

What is Responsible Competitiveness?

Responsibility competitiveness encourages businesses to profit from best practice regarding social responsibility and sustainability, and goes far further than traditional charitable endeavours. Based on an internationally-developed method, companies are ranked and rewarded (see Table 2.3 below) regarding their engagement with CSR and issues of sustainability (King Khalid Foundation, 2018), particularly where this engagement assists in the Kingdom's socio-economic and environmental development vision.

Table 2.3: Objectives of the award of KKF

Objectives of the Award of KKF

1. To recognize private sector institutions (for-profit organizations and companies) that adopt best practices in supporting sustainable development and who have a commitment to social responsibility.
2. To encourage partner for-profit organizations to incorporate social and environmental issues into their executive decision-making processes, and educate them on the economic and innovational advantages of environmentally and socially involved organizations.
3. To enhance the social, economic and environmental sustainable competitive performance of organizations by promoting collaboration with leading companies which have similar approaches.

4. To organize workshops on local and international best practices.

5. To provide partners with a detailed statistical KPI analysis which includes recommendations for improvement and outlines areas of weaknesses and strengths, as well as proposing methods to make use of research and development to link social responsibility with competitiveness.

source: King Khalid Foundation (2018)

2.4.2.4 The Saudi Organization for Certified Public Accountants (SOCPA)

The Saudi Certified Public Accountants' Regulations published under Royal Decree dated 1992 established SOCPA, part of the Ministry of commerce, charged with enhancing the quality of accounting and auditing within the Kingdom (SOCPA, 2018) SOCPA states its objectives as follows:

Table 2.4: SOCPA Objectives

SOCPA Objectives
<ul style="list-style-type: none"> • Review, develop and approve accounting standards.
<ul style="list-style-type: none"> • Review, develop and approve auditing standards.
<ul style="list-style-type: none"> • Establish the necessary rules for fellowship certificate examination (CPA exam.) including professional, practical and scientific aspects of audit profession and applicable regulations.
<ul style="list-style-type: none"> • Organize continuous education programs.
<ul style="list-style-type: none"> • Establish an appropriate quality review program in order to ensure that Certified Public Accountants implement professional standards and comply with the provisions of Certified Public Accountants Regulations and relevant by-laws.
<ul style="list-style-type: none"> • Conduct special research work and studies covering accounting, auditing and other related subjects.
<ul style="list-style-type: none"> • Publish periodicals, books and bulletins covering accountancy and audit related subjects.
<ul style="list-style-type: none"> • Participate in local and international committees and symposiums relating to the profession of accounting and auditing.

Source: SOCPA (2018)

So far, SOCPA has released over 20 standards regarding accounting, 15 focused upon audits and a range of material on good practice. This work has been based on international standards, particularly those found in the UK and USA, and is seen to be of the same quality. In cases where SOCPA has not developed a particular standard, the body requires an international standard be adhered to, while still taking into account the Saudi cultural context (for example, Shariah Law). Even though that CSRR is not currently on SOCPA's agenda, the transition to the international standards may open the door for that.

2.4.2.5 Responsible Care by the Gulf Petrochemicals and Chemicals Association (GPCA)

One of the association's objectives is to advocate the Responsible Care (RC) Initiative among member companies. RC was born in 1985 in Canada. This initiative, though voluntary, is promoted by the International Council of Chemical Associations (ICCA), encouraging enhanced performance and sustainable excellence in issues such as environment, security performance and health and safety (GPCA, 2018). The GPCA began engaging with RC in 2009 and has been recognised by the ICCA as a high-ranking performer within this global initiative. GPCA is noted for holding forums and strategy conferences regarding CSR-related issues in the industry, as well as its Responsible Care Awards. The majority of Saudi companies in this sector are now members of this initiative.

2.4.2.6 Saudi ARAMCO

Aramco, the Saudi oil company, is the world's largest integrated oil and gas company and the world's largest producer of crude oil and condensate with an average daily crude production of 10.2 million barrels. Headquartered in Dhahran, Saudi Arabia with branches across Saudi Arabia, Aramco has more than 60,000 employees working around the world in countries afar way from Saudi Arabia as the United States and the Netherlands.

It was instituted more than 80 years ago in Saudi Arabia to control and develop all aspects of the oil industry. Due to the company's significant impact, it can be argued that it became the initiator of strategic CSR in the Kingdom by the development —beginning in 1950— of the infrastructure in the east of the country. This was done through interaction with local community sectors from education to healthcare, to the development of human resources and

support for local suppliers' programmes (Emtairah et al., 2009). Aramco's commitment to CSR has continued to evolve to the point where, currently, the corporation has a codified CSR structure addressing areas such as the economy, community, knowledge and the environment (Khan et al., 2013). This commitment has resulted in investment and involvement in many projects, commercial and charitable, within Saudi Arabia and globally, resulting in significant employment opportunities for Saudi citizens and furthering recognisable sustainability activities. In a statement of its aims, Aramco explains that:

Managing our resources wisely for the generations to come and capturing more of their value is at the core of our long-term commitment to building a sustainable energy economy and delivering the foundation for a prosperous tomorrow. Enabling energy sustainability is about optimizing all of the practices and technologies used in the discovery, recovery, processing, distribution and end-use of our energy resources. It means actively promoting and supporting a shift to an energy efficiency culture both within our company and Kingdom-wide. We continue to make progress toward reducing the environmental impact of our operations through a number of means, in particular, the search for technological solutions to lower greenhouse gas emissions through carbon capture and sequestration, and research into advanced engines and fuel formulations. In a major milestone, we recently launched a pilot program to capture CO₂ and inject it underground to enhance oil recovery. We also work to improve wastewater management and preserve groundwater resources, conserve and enhance biodiversity, and minimize waste disposal (Saudi Aramco, 2018).

Embedding CSR in the DNA of the company reflects the advanced level of CSR practices being carried out by Aramco. The capacity that Aramco has for and its adherence to CSR, has brought recognition regarding its influence on CSR practices in the Saudi national market.

2.4.3 Studies on CSR and CSRR in Saudi Context

The body of CSRR research in Saudi Arabia considering its political, economic, social and cultural characteristics is yet in its initial stages and shows a dearth of available material in this regard. However, the few studies that have been focused on CSR and CSRR that have been conducted in Saudi Arabia have addressed two main dimensions: CSR conception and activities (commonly called programmes), and CSR disclosure or reporting.

2.4.3.1 CSR in Saudi Arabia

The extant literature on CSR in Saudi Arabia reveals that the attitude towards and perception of CSR in the Saudi private sector goes beyond charity and philanthropy, and that Saudi

companies have a broad **perception** regarding CSR (Ali and Alali, 2012). This goes against the common idea that Saudi managers view CSR as a concept limited to charity and philanthropy and lack a strategic framework. This is also evident in other GCC countries and most of the Middle-East (for example, see Al-Sabban et al., 2014 in their study on Saudi Arabian family businesses; Visser, 2009; Khan et al., 2013). It has been noted that attitudes towards CSR in Saudi Arabia are extremely influenced by religious and traditional values regarding responsibility and the individual, particularly those concerned with contributing to society (Emtairah et al., 2009; Al-Sabban et al., 2014), as well as concerns connected to legality. Thus, it is also noted that CSR practices and policies vary across Saudi businesses (Nalband and Al-Amri, 2013).

Saudi corporations are highly aware of government's regulations and ethical norms and are, thus, committed to the rules pertaining to CSR regardless of how strict they are. However, while there is a reasonable awareness of CSR among the managers of Saudi companies there is 'a moderately positive attitude' towards the CSR concept (Mandurah et al., 2012 p:1049). The top management sees CSR as a function of marketing to enhance the image of the company and using it as a marketing tool rather than as having a strategic role within the firm's goals (Mandurah et al. 2012; Al-Sabban et al., 2014). This may explain the recent growing engagement of Saudi business with CSR. Islamic values and cultural traits seem to have an important influence on CSR practices in Saudi companies, especially the charity concept and Zakat (Emtairah et al., 2009; Al-Sabban et al., 2014). Yet, most Saudi companies need to integrate CSR into their strategic goals and missions, adopting an approach that considers their ethical, social and environmental goals.

Khan et al. (2013) argue that CSR 'is in its infancy in Saudi Arabia and very few companies understand its true meaning and relevance [...] it is still perceived as a cost rather than investment' (p.74). However, there is still inconsistency about the definition of CSR, as discussed earlier in this chapter, let alone the true meaning of CSR. Saudi companies believe in their role in society and apply that by engaging in activities that help society (especially charity) and protect the environment. However, their engagement in CSR is viewed as a voluntary decision (Ali and Al-Aali, 2012).

One finding of an important study by Emtairah et al. (2009) is that there is not a clearly defined or organised approach to CSR, which reduces the scope for strategic deployment of CSR in the country and denotes that to the national nature.

The study refers to the lack of a structured CSR approach arising because pressure from regulations and markets are not impacting upon companies regarding all issues. For example, the insignificant pressure from international suppliers or national customers. In addition, this is due to a relatively low level of market drivers and motivation to engage in CSR_ in comparison to that found in developed countries- these authors suggest that rather than relying on external pressures to encourage engagement the idea of CSR should be implanted from the viewpoint of business development and sustainability.

However, this finding needs to be carefully considered because of the dramatic economic and socio-cultural changes that Saudi Arabia has recently experienced and which continue — particularly, the political and technological developments that may change stakeholders' expectations regarding corporate responsibility.

In the main, Saudization and economic diversification, alongside religion, can be seen to influence the CSR activities of Saudi companies. Most CSR activities are not overly formalised and are largely directed to the local community where a company operates. There has been improvement in ideas of responsibility for employees, as has been the case in the west. Increasingly, companies in Saudi Arabia are developing more effective and enlightened HR practices (including improved working environments).

When it comes to customers satisfaction, there is a narrow set of CSR activities in Saudi Arabia and again it is less than what is carried out in developed countries. Few activities are executed that go beyond regulatory requirements and this is especially true regarding environmental protection — something not limited to Saudi Arabia or other developing nations — due to legal inconsistencies which make it difficult to measure levels of corporate commitment in this regard (Mandurah et al., 2012).

Saudi firms have begun to pay attention and commitment towards CSR; however, there is a lack in terms of theoretical and practical frameworks (Mandurah et al., 2012).

Even though, there are examples of Saudi companies — however few — such as Aramco and SABIC who adopt a mature CSR strategy, have separate and empowered CSR departments, and are proactive in structuring and applying the agenda of CSR, CSR in the Saudi context is far from being developed and formalised (Khan et al., 2013).

It is noteworthy that there are two early remarkable initiatives in Saudi Arabia that have shed light on CSR practices: 'Corporate Social Responsibility (CSR) in Saudi Arabia and Globally:

Key Challenges, Opportunities and Best Practices, Dialogue hosted by Harvard Kennedy School CSR Initiative, Saudi Arabian Investment Authority (SAGIA) and King Khalid Foundation (SAGIA, 2008)‘ and ’ The Evolution of CSR in Saudi Arabia The Challenging Landscape (Tamkeen Sustainability Advisors, 2010)’. In the former, twenty representatives of different formations discussed the status of CSR in Saudi Arabia in 2008, concluding that the growth of CSR practices needs to be supported by spreading awareness, sharing information sources, and facilitating coordination between government, businesses and chambers of commerce. However, reporting was an absent topic in the recommendations. The other initiative conducted a survey in 2009 based on a series of interviews and questionnaires. The research aimed to investigate and identify trends for the evolution of CSR in the two years following the first study (Challenges and Way Forward) published in 2007 by Tamkeen. This was a pioneering initiative in the Saudi context. The results showed that the CSR agenda in Saudi Arabia is largely driven by businesses rather than governmental factors, NGOs, consumers or communities — which contrary to the prevailing received wisdom on the matter. In addition, CSR development was in ‘breadth but not in depth’ and CSR is seen not as an investment but a cost as noted above. Furthermore, the role of government is still unclear and there is remains a lack of regulation and widespread awareness. Although the results of this initiative are very informative, the sample used is relatively small.

2.4.3.2 CSRR in Saudi Arabia

Similarly, to the scant research on CSR activities in the Saudi context, there is a real dearth in research on CSR Reporting. The studies which are specifically about CSRR in Saudi Arabia all address the topic through examining annual reports and use quantitative methodology. About half of these studies were conducted after the acceptance of a proposal for this research thesis. In general, and as will be discussed in the next section, the studies show a general agreement in that the level of CSR disclosure in Saudi Arabia is low and has non-environmental voluntary issues of interest to stakeholders. There was also an agreement on the positive influence of a company’s size and the engagement of the owners with CSRR. In turn, we see a mix of results related to other aspects such as the company’s type, leverage, profitability and board independence. However, CSRR in Saudi Arabia is witnessing a growing change along with increasing numbers of calls for governmental intervention. The following section references to the available studies in historical order.

One of the early studies on CSRR in Saudi Arabi by Naser and Nuseibeh (2003) examines the quality of financial reporting in non-financial Saudi companies listed on the Saudi Stock Exchange between 1992 and 1999. The scholars found that voluntary reporting levels are low but Saudi businesses demonstrate high levels of mandatory compliance. These authors also argue that SOCPA has not changed the extent or quality of CSRR in the country.

Zubairu, et al. (2011) compared the social disclosures in annual reports of 4 Islamic banks in Saudi Arabia- claiming to operate on Shariah principles during the years 2008-2009- using a checklist developed by Haniffa and Hudaib (2007). The results of the study revealed an important finding that the social disclosure by Islamic banks in Saudi Arabia is poor and has much more in common with other conventional banks. The authors described the findings as: “surprising because Islamic banks, as social and economic institutions are expected to disclose more on those dimensions that reflect accountability and justice not only to society, but also ultimately to God. What can be gathered is that Islamic banks in Saudi Arabia have a lot of work to do before they become worthy of the tag they claim of being Islamic” (p.193).

The study also found that most of the disclosed information was about the banks’ commitment towards debtors while the least was about the environment. While the results of this study confirm the low level of CSRR, at the same time it raises the question: to what extent does religion direct CSRR practices?

In a study by Al-Janadi et al. (2012) levels of voluntary reporting in Saudi Arabia and the United Arab Emirates were quantified and compared. The research focused on the 2006-2007 period following the introduction of new corporate governance regulations in the two nations, using data from 150 listed companies’ annual reports. The findings of the study showed that reporting on social and environmental issues was low (20.49 percent), as was the quality of reporting (36 percent). The comparison between the two nations demonstrated that organisations in the UAE engaged more in voluntary reporting, at a rate of 42 percent compared to 32 percent of businesses in Saudi Arabia. The authors concluded that government and financial authorities needed to give far more attention to the issue of voluntary reporting.

In terms of low disclosure levels, similar results were found regarding online CSR disclosures in a study by Khasharmeh and Desoky (2013). This research assessed levels of online reporting in GCC nations; considered how a number of variables influenced these levels; and examined the extent of differences between GCC nations and online reporting levels. Reporting levels were found to be extremely low with a mere 24.5 percent of participant organisations scoring

50 percent or above. The study also found that industrial companies engaged in more online CSRR than other types of business, and that there were significant differences regarding the types of CSR information disclosed (employees, community, product and environment). The countries with the highest online CSRR levels were identified as Qatar and Saudi Arabia. These results differ from the findings of Al-Janadi et al. (2011) who found that UAE companies have higher voluntary disclosure rates than Saudi companies; however, it should be noted that Khasharmeh and Desoky (2013) focused only on disclosures made online. Al-Janadi et al. (2011) demonstrated that there were lower reporting rates regarding information concerned with products and the environment. There were also significant differences between organisations when it came to social responsibility.

In a relatively recent article, Abdulhaq and Muhamed (2015) measured levels of corporate social responsibility disclosure (CSR D) and associated factors in a study of companies listed on the Saudi Stock Exchange (Tadawul). These researchers studied 326 annual reports by 163 companies submitted during 2012-2013. The reports and company websites were examined using content analysis methods to assess levels of CSR D, along with multiple regression analysis to identify factors influencing the extent of that disclosure. Again, similar finding were presented by these researchers. The data analysis demonstrated the disclosure levels by Tadawul companies was low, averaging 36 percent. The authors concluded that CSR D is not a priority for these Saudi companies and that disclosure levels were determined by sector, the size of the organisation, and ownership concentration.

Abdulhaq and Muhamed (2015), in declaring the limitations of their research, note that the study focused only on a two year period and that the content analysis may misrepresent results, particularly as companies may use other ways (apart from reports and websites) to disclose information, such as annual general meetings or media.

Habbash (2016) studied corporate governance as a factor in considering CSRR in Saudi Arabia. The research focused on corporate governance in conjunction with ownership structure and corporate variables as influencing element regarding CSRR, using 267 annual reports submitted by non-financial Saudi firms between 2007 and 2011. The findings showed a CSRR level of 24 percent, which the author notes is somewhat higher than is usually found in similar research results. This is seen as to be an indication of executed governance code in Saudi Arabia in 2007. As with other studies, positive drivers of CSRR are listed as ownership type, company size and age. Unlike some other studies, business type, management, profitability and auditing

were not seen to influence CSRR engagement. This study is limited by sample size and a focus on quantity rather than quality, as well as a data analysis method comprising only 17 analytical elements.

The impact of Quality and Quantity of CSRR on firms value is the focus of a study by Alotaibi and Hussainey (2016) using data from non-financial Saudi Arabian companies from 2013-2014. The results show that, using Market Capitalisation (MC), a company's value can be linked to the amount and quality of CSRR carried out by a business. These authors offer areas for future research stemming from the limitations identified in their own research, including that numerous methods of evaluating value could be deployed, and that future samples should include financial companies.

The only study that has examined CSRR in the Saudi context, based on GRI guidelines, is by Issa (2017). This research analysed CSRR levels in 109 Tadawul companies covering 13 of 15 industry sectors, considering the connections between the structure and CSR practices of company boards (size, independence, meetings, duality), the role of the CEO, the size and age of the business, and factors concerning leverage and profitability. The findings of this study demonstrated the level of engagement with GRI guidelines is low and that *Zakat* is the CSR socially-related activity most practised by these Saudi companies. The results also showed company size and profitability are CSR drivers, while corporate governance aspects were not seen to influence CSRR (except board independence). Furthermore, based on the CSRD index, companies in Saudi Arabia only disclose 11 percent of relevant information required by GRI guidelines. The sectors most involved with environmental issues (for example, oil) were found to have the highest levels of CSRR in Saudi Arabia, with a clear emphasis on the availability and use of water as part of environmental approach. This study is limited to a small number of factors for considering influences on CSRR, the fact that data collection was restricted to two years of material, and the exclusion of financial companies.

2.5 Conclusion

The chapter provided a background of CSR and CSRR based on reviewing the related literature. Despite the many definitions of CSR and CSRR, the chapter pointed to the point that there is no broad agreement within the literature regarding a clear definition of CSR. However, for the purpose of this research study, CSR as a concept and CSR implementation refer to the social and environmental responsibilities of a corporation in addition to its

economic responsibility, in which all the responsibilities must be integrated within business operations. CSRR is where organisations report not only on their economic operations but also on their interactions within society and where they communicate awareness of their social and environmental responsibilities to society. The forms that the reports may take range extensively, however the CSRR literature has focused mainly on the annual reports.

The chapter devoted an important section to discuss CSRR drivers, such as regulations and organisation's size, CSRR outcomes, such as enhancing corporate reputation; and standardisations, such as GRI, AA100 series, UN Global compact Communication and ISO 26000.

Even though it is evident that the failure in accountability can cause the failure of an organisation's viability, literature on CSRR and accountability is scant. Based on that there are many interrelationships – either legal or not - between organisations and society, accountability is an agreed code of behaviour that regulates specific social or organisational interactions. Thus, the different types of corporate reports can be seen as 'accounts' and as the mechanism and manifestation for discharging accountability.

The literature review discussed in this chapter has covered the CSR and the CSRR topics in developed and developing countries, however, most interest was devoted to introducing the two topics in Saudi Arabia. The section of CSRR in Saudi Arabia started with a general background about the country followed by detailed information about the regulatory bodies and corporate contributions to CSR in Saudi Arabia, and then exhibited the CSR and CSRR studies in the context of Saudi Arabia.

The small body of research on CSRR in Saudi Arabia confirms the low level of CSRR quantity and quality and also shows that there is a growing practical, academic interest and commitment being directed towards CSRR. However, this attention is hindered by the lack of a guidance frameworks that can be applied in the Saudi context (Mandurah, 2012). The scant literature offers many opportunities to explore this phenomenon. For example, what theory can explain companies' CSRR attitudes and behaviour? We can identify some CSRR drivers from the literature based on one type of research methodology (mostly the application of content analysis of annual reports), but less work has been done using qualitative methods such as interviews. We need to explore the reporting reality and to understand the motivations as well as the desired outcomes of reporting — as well as reasons for reluctance to engage with CSRR

— and to link these aspects to the reality of CSR perception and CSR activities in Saudi Arabia. This research aims to answer these queries.

The following chapter discusses the philosophical assumptions underpinning this study and the methodology used to conduct the empirical part of this research.

Chapter 3

Research Methodology

3.0 Introduction

Chapter Two reviewed the relevant literature concerning this thesis study and presented a conceptual background on CSR and CSRR with a focus on the context of Saudi Arabia. In effect, the chapter has facilitated designing the framework of the current research study and helped in guiding the research process.

This chapter aims to frame and describe the methodology underpinning the study. Based on the research objectives and its questions, the chapter details the key philosophical assumptions and the method used in conducting the empirical work of the study.

Therefore, the chapter is structured to introduce the philosophical perspective of the current research. It first provides an introduction about what research is and what the questions that the study seeks to answer are. The following sections (3.2 and 3.3) are devoted to explaining the research design and the selection of the research paradigm. The ontological, the epistemological and the axiological assumptions behind carrying out the study are verified and explained in sections (3.4, 3.5 and 3.6). Section (3.7) is devoted to discussing and justifying the use of grounded theory as the selected methodology for this research. This section looks at different quantitative and qualitative methodologies and devotes a great deal to discussing grounded theory versions, its process, its constraints, the role of literature in employing grounded theory and finally the rationale behind the Strauss and Corbin selection. Section (3.8) presents and explains the method used for data collection. In section (3.9) highlights some ethical considerations and concludes the chapter in section (3.10).

3.1 Philosophical Perspective: What is Research?

It is difficult to find a clear definition of what research is in the extant literature on this topic (Collis and Hussey, 2009). A useful starting point for understanding the various elements of research is, however, found in a definition offered by Sekaran (2003), who states that it is ‘an organised, systemic, data-based, critical, objective, scientific inquiry or investigation into a specific problem, undertaken with the purpose of finding answers or solutions to it’ (p.5). Collis

and Hussey (2009) emphasise three key characteristics of research: it ‘is a process of enquiry and investigation,’ it is ‘systematic and methodical’ and it ‘increases knowledge’ (p.3). Therefore, we can view the research process as one involving analysis, inquiry, examination and testing and which requires the researcher to work methodologically, conscientiously, and objectively in a critically-aware and logical manner to describe and investigate observed phenomena. Research adds to a field of knowledge and can be the result of numerous motivating factors that lead the researcher to engage with an in-depth study of a specific problem or topic (Sekaran, 2003; Myers, 2013). Some research examines and brings together existing knowledge. Scholars also carry out new types of investigation into an aspect of their specialised interest, attempting to construct frameworks or solutions to emerging or ongoing issues via exploration and analysis (Collis and Hussey, 2009; Myers, 2013).

Thus, undertaking research seeks to “answer a question or address a problem, this is often referred to as ‘meeting the research aim’ or ‘addressing the research objectives’” (Rojon and Saunders, 2012, p.2). Formulating the research questions is fundamental as it provides direction in the process of the research. Research questions can be descriptive or explanatory whereas the descriptive questions are concerned with finding out what is occurring and seldom adds new insights to theory. The explanatory questions “require the researcher to provide an explanation regarding why something happened and relate this to what is already known, providing theoretical insights” (Rojon and Saunders, 2012, p.3).

As outlined in Chapter (1) this study aims to draw a holistic perspective of CSRR practices by Saudi Arabian companies and to generate a theory that is capable of offering a plausible explanation for what shapes this reporting.

and also, seeks to answer two questions:

- How the current practice of corporate social responsibility reporting is perceived by Saudi corporates’ managers?
- What does constitute an explanation (or theory) for CSRR practice in Saudi Arabia?

Therefore, the first question is descriptive hence the answer provides insights into what is occurring in the field of CSRR in the context of Saudi Arabia. The second question is explanatory as it provides theoretical insights.

3.2 Philosophical Perspective: Research Design

According to Yin (1994), a research design is “the logic that links the data to be collected (and the conclusions to be drawn) to the initial questions of a study. Every empirical study has an implicit, if not explicit, research design.” (p. 2). Research design is the plan for the entire research and it should function as a road map and provide guidelines to make the research convincing and significant (Myers, 2013). This includes conceiving problem until writing the report (Creswell, 1998). Research design should be based on clear theoretical approaches and an idea of the study’s manner of contribution. Therefore, before data collection or proceeding with analysis, a social researcher needs to establish a research design or a research structure in the manner of an architect planning a building. This brings a number of advantages regarding clarity, rigour, structure, non-bias, and validation. It is not just a work plan but includes designing the logical structure of the research inquiry. Such a design requires a logical approach rather merely considering resources, organisation and implementation matters (De Vaus, 2001). A well-crafted research design will assist in guarding against research bias and inaccuracy, keeping the researcher focused on addressing the problem objectively, carrying out rigorous data analysis, and presenting clear and evidenced conclusions (Saunders and Tosey, 2013). Research design provides a road map of the journey, but the map is not the ground and the researcher must remain flexible and open to benefit from opportunities to gain further insight as the project progresses. Like any plan, a research design will be subject to change but detailed enough for the researcher to make informed and logical decisions when such moments arrive during the research process.

While some scholars see this kind of designing as the first phase in conducting research, others see it as a step that follows reviewing the literature and defining the research question or problem (Collis and Hussey, 2014). The research design reflects the purpose and the logic of the research inquiry as it focuses on the end product (results and/or theory) of the study. It is driven by a research problem or question but, as mentioned above, it is important to remember that not rigidly adhering to the design can allow for previously unseen opportunities regarding data collection and analysis to provide more in-depth findings or questions for further research. In summary, having an idea of one’s destination provides the first steps for reaching that destination. Then, there is a possible diversion may be required due to unforeseen

opportunities, the destination will still be in view (or at least visible on the map) and the researcher can then adjust accordingly. (This research design is illustrated in table 3.2)

3.3 Philosophical Perspective: Research Paradigm

Creating a research design first requires determining the research ‘paradigm.’ The selection of a paradigm clearly defines the purpose, impetus and potential outcomes of the project. By constructing a model of this sort, the researcher is then better placed to build a design based on sound methodological choices and a clear research focus regarding relevant literature and data collection (Mackenzie and Knipe, 2006). The research paradigm is a philosophical framework that has been addressed by numerous scholars and allows the researcher to set out how the research problem will be addressed via a careful consideration of views on the nature of reality, the truth of knowledge, and possible ways in which to inquire into these concepts. Kuhn (1970) defines paradigms as ‘universally recognized scientific achievements that for a time provide model problems and solutions to a community of practitioners’ (p.viii). Burrell and Morgan (1979) describe these models as providing a ‘commonality of perspective which binds the work of a group of theorists together’ (p.23). From another perspective, Guba and Lincoln (1994) define research paradigms as

Basic belief systems based on ontological, epistemological, and methodological assumptions [...] A paradigm may be viewed as a set of basic beliefs (or metaphysics) that deals with ultimates or first principles. It represents a worldview that defines, for its holder, the nature of the "world," the individual's place in it, and the range of possible relationships to that world and its parts’ (p.107).

Therefore, a paradigm is a set of beliefs that can determine the researcher’s perspectives of the world. Research paradigm encompasses a response to three fundamental assumptions; ontological, epistemological, and methodological assumptions. Neuman (1991) sees this as a kind of framework used to examine problems or situations. Scholars have different perceptions and classifications regarding research paradigms and philosophies, and how these relate to research methods and implementation (see for example, Burrell and Morgan, 1979; Chua, 1986; Guba and Lincoln, 1994; Saunders et al., 2013; Myers, 2013).

Burrell and Morgan (1979), for example, present four types of paradigm of social science and society: functionalism, interpretivism, radical structuralism and radical humanism. Functionalist paradigm adopters believe that the relationships in a social world are identifiable, and the methods used for analysing these relationships are similar to those used in natural sciences. Interpretivism paradigm adopters attempt to investigate and understand the social

world through an involvement of the researcher in the addressed subject. A radical structuralist paradigm shares some assumptions with the functionalism paradigm but adopts perspectives of “radical change, emancipation, potentiality, structural conflict, modes of domination and deprivation” (Burrell and Morgan, 1979, p. 34). The radical humanist paradigm shares some assumptions with the interpretivism paradigm but adopts subjective views when addressing social sciences. In accounting research, Lukka (2010) argues that even though accounting is a multi-paradigmatic discipline- despite the functionalist paradigm is mainstream- there are still boundaries and incommensurability between these paradigms. Chua (1986) criticised the model of Burrell and Morgan (1979) for a reason related to the ‘mutually exclusive’ use of paradigms which prevents a researcher from using two paradigms at a time. Chua (1986) developed a model that classifies research paradigms into; positivism, interpretivism, and critical. Positivism and interpretivism are similar to the functionalism and the interpretivism in the model of Burrell and Morgan (1979). The critical paradigm adopts a radical critique that assumes an existing conflict in society. In accounting research, the mainstream exists under the positivism/ functionalism paradigm (Chua, 1986; Ryan et al., 2002). However, the assumptions of Chua’s model about conventional accounting are “interpretive in nature and critical by substance” (Abubakar et al., 2016, p.33). In this context, Ryan et al. (2002) stressed the importance for accounting research to go beyond the paradigm boundaries. For example, the positivism paradigm has a long history in accounting research and until recently was still dominant, especially in the area of financial accounting (Wahyuni, 2012). Lukka (2010) interprets this as “that the dominant form of accounting research seeks primarily to discover law-like regularities that are testable with empirical data sets—and ignores unique phenomena which are regarded as uninteresting noise” (p.112). However, there is a clear sign of a shift from positivist research to interpretivist research in accounting in general and in management accounting in particular because of the ability of the interpretivism to facilitate a better understanding of social phenomena and accounting practices (Wahyuni, 2012).

Generally speaking, -as will be discussed further in the following sections- this study aligns with the interpretive paradigm that emphasises understanding and explaining the social world based on subjective investigation using the qualitative method. The study thus, rejects the positivism and the radical paradigms.

Even though there is no definitive definition for research paradigm nor universal classification (see table 3.1), there is a broad agreement that researchers need to make assumptions of an ontological and epistemological nature when approaching their research (Burrell & Morgan,

1979; Neuman, 1991, Laughlin, 1995). Paradigms sit across a continuum between positivism and interpretivism (Collis and Hussey, 2014). There are a number of philosophical assumptions that exist on this continuum and which underlie these research paradigms. These assumptions — about reality (ontology); the nature of knowledge; the position of the researcher in gaining this knowledge to answer the research question or solve its problem (epistemology); and the researcher’s values (axiology) — all contribute to the creation of a framework for the way the research is conducted, including methodological choices and the interpretation of the findings (Saunders and Tosey, 2013). It can be argued that every piece of research is grounded on specific ontological, epistemological and axiological philosophical assumptions, which are either implicitly or explicitly expressed. The ontology, epistemology and axiology underpinning this thesis are discussed in the next sections.

Table 3.1: Examples of Research Paradigm classifications of some scholars in the literature.

Scholar	Paradigm Classifications			
Chua (1986)	Positivism	Interpretivism	Critical	
Myers 2013	Positivism, also known as: (Objectivism and Realism)	Interpretivism, also known as: (Post-positivism, Constructivism Naturalism and Idealism)	Critical, also known as: (Transformatism)	
Guba and Lincoln 1994	Positivism	Post-positivism	Critical theory	Constructivism
Saunders et al., 2012 (philosophies)	Positivism	Realism	Interpretivism	Pragmatism
Creswell 2003	Post-positivism	Constructivism	Advocacy participatory	Pragmatism
Collin and Hussey (2009)	Positivism	Interpretivism		
Burrell and Morgan (1979)	Functionalism	Interpretivism	Radical structuralism	Radical humanism

3.4 Philosophical Perspective: Research Ontology

Ontology is a branch of philosophy concerned with reality and worldviews that, put simply, asks the question ‘What is reality?’ Ontology is “the study of existence and in this context is concerned with what we discern to be ‘real’. Reality is a difficult concept but is concerned with

the construction of existence in objects.” (Ryan et al., 2002, p. 13). It deals with ‘being’ and the nature of reality. Ontologically, researchers examine if reality is external or created from human consciousness (Burrell and Morgan, 1979). Thus, ontology constitutes an individual’s beliefs regarding what is real and factual.

In the positivism paradigm, reality or more specifically ‘realism’ is singular, external and independent of the researcher and the participants (and therefore individual cognition), consisting of agreed labels, names and rigid concepts, and not affected by the act of investigating it. This worldview is common in the natural sciences where positivist thinkers adopt scientific methods, believing that reality is objectively measurable allowing research into ‘how the world works so that the events can be controlled or predicted’ (Neuman, 1991, p.58). For these thinkers, reality is stable and unchangeable and individual perceptions are either true or false. Until recently in accounting research as well as in CSR research the positivism paradigm dominated, but a noticeable shift towards interpretivism paradigm has started to flourish (Wahyuni, 2012). A study by Taneja et al. (2011) has examined the CSR research publications from 1970 to 2008 and found an increasing number of interpretative published articles that were more than 25% of interpretative nature. The shift is a result of problems that are connected to positivism in accounting research, such as the reduction and the simplification of reality via formulating, testing and quantifying pre-assumed hypotheses. Accounting is conceptually known to be socially constructed and a result of human interactions. This concept can fit well in the interpretive paradigm where the context of a phenomenon has to be considered (Hopwood, 2009; Major, 2017). Williams (2014), who is sceptical about the rigour in accounting research, calls for research improvement to acknowledge that accounting as a discipline is a practice, has a history, is about accountability (ethics and sociology), is about law and politics, and as such is a multi-disciplinary in which all voices that make up the accounting language are not natural kinds that similar to pure sciences but interpretive and are subject to be examined in order to accepted or rejected based on logical reasoning.

Ontologically, this study rejects the positivism and aligns with the interpretive paradigm, which views reality as multi-faceted and perceived differently by one actor and another. From this viewpoint, reality is dynamic and constructed by the actors themselves. Thus, reality is seen within its context and is accessed “through social construction such as language, consciousness, shared meanings, and instruments” (Myers, 2013, p.39). Therefore, it cannot be detached from the historical, cultural and environmental aspects found within it. Interpretive researchers look at social and organisational phenomena via subjective understanding.

This study explores the ‘reality’ of CSR reporting as constructed by corporate managers and representatives of consultant groups in Saudi Arabia. Within this interpretive lens, this research develops a description of a specific setting and analyses data to make an interpretation or to draw a conclusion using personal lens and in light of the phenomenon’s context. Phenomenology and symbolic interactionism, the intellectual traditions that form the basis of interpretivism, reflect how humans make sense of the world and how this is interpreted and adjusted in a continual process through unpredictable interactions with others (Saunders et al., 2012). This is what makes interpretivism an effective way of viewing multiple perspectives regarding reality, and allowing perceptions held by the participants and the researcher to change during the research process. If it is accepted that we are all individuals and therefore think about and experience things differently, it must also be accepted that our reactions and perceptions in any given situation may be different, and therefore related actions or thoughts cannot be predicted (Khan, 2014). Although critical research and interpretative research approaches are similar in many ways (seeing reality as constructed), they part ways because critical researchers assume that reality is affected by power and has been interpreted in ways that preserve various forms of conflicts or dominance such as social, cultural and political constraints (Myers, 2013). As this study is aiming to explore and interpret the status of CSR reporting in Saudi Arabian corporations, rather than offering a social critique, it is based on the interpretive scholarly approach rather than on critical philosophical assumptions.

3.5 Philosophical Perspective: Research Epistemology

While ontology is concerned with the nature of reality, epistemology is concerned mainly with how to access this reality or how to gain knowledge of this reality (Chua, 1986). Epistemology refers to the nature of the relationship between the researcher (the knower) and what can be known (Guba and Lincoln, 1994). The epistemology specifies the criteria used to evaluate the reality and to decide how acceptable it is. Epistemology is preceded, governed by (Chua, 1986) and constrained by determining first the research ontology because not any relationship “can now be postulated. So, if, for example, a “real” reality is assumed, then the posture of the knower must be one of the objective detachment or value freedom in order to be able to discover “how things really are” and “how things really work.” (Conversely, assumption of an objectivist posture implies the existence of a “real” world to be objective about.)” (Guba and

Lincoln, 1994, p. 108). Therefore, interpretivists understand the social world through individuals who experience this world.

Selecting a specific epistemological basis for the study leads researchers to choose a particular method of investigation due to its appropriateness that has been tested via such philosophical considerations (Bryman, 1984). As aforementioned, this study adopts the interpretivism ontological approach (often combined with social constructivism, idealism, rationalism and naturalism). Using interpretivism, individuals are seen as subjectively developing their understanding of certain realities that are formed through historical and cultural norms; therefore, these realities vary and are multiple. Thus, this research then seeks to incorporate the various views of participants and to broaden the research inquiries when interacting with participants, as this illuminates perceptions of the studied phenomenon of CSR reporting rather than narrowing it into a few classifications. Approaching research in this manner often leads researchers interact with informants as well as to focus on the specific contexts in which people live and work in order to understand the contextual settings of the participants. As a result, the researcher inductively develops a theory or pattern of meanings rather than starting with a theory as in positivism. Interpretative research considers the perceptions of individuals without considering the validity of these perceptions (Creswell, 2003). This thesis also does not assess whether participants perceptions are true or false. Data for this research takes the form of analysis of CSR reporting and individual managers attitudes and levels of awareness and comprehension regarding CSRR in Saudi Arabia. Thus, this research has a narrow, country-specific, timebound focus wherein existing practices and opinions are examined. This anti-positivist stance allows the CSRR situation to be investigated in a way that values subjective responses and does not set out with a view that the reality of CSRR in Saudi Arabia should merely be measured and quantified within predetermined categories.

3.6 Philosophical Perspective: Research Axiology

Axiology is a philosophical study of value and is important to consider regarding the role of the researcher's values and how these effect the research process, whether that be choosing the research topic and methodology or applying techniques (Saunders et al., 2012; Collis and Hussey, 2014); for example, where the researcher chooses interviews as a method of collecting data there is clearly an emphasis upon interaction with participants (Saunders and Tosey, 2013). Scholars hold different opinions as to how important these researcher values are (Saunders et

al., 2012). Those who follow a positivist approach claim that it is not affected by values, in that the researcher is independent from the data and the object of study. It argued that the thing being study was present before the researcher became involved and will remain after the research has been carried out. Positivism examines relationships with specific arenas, defining, modelling and predicting. It should be noted, therefore, that positivism tends not to be as effective in the social sciences as it is in other fields. Researchers following an interpretivist approach recognise the impact of the values and world view that they bring to their studies (Collis and Hussey, 2014), and that the researcher becomes part of that which is being researched to some degree (Saunders et al., 2012). From the interpretivist perspective, the social world should be investigated via the interpretations of individuals who have lived experience of that which is under investigation (Burrell and Morgan, 1979). Therefore, and because this research thesis is interpretivist in nature, the researcher's values impact inevitable.

3.7 Philosophical Perspective: Research Methodology

3.7.1 Research Methodology Definitions

Collis and Hussey (2009) define research methodology as the 'overall approach to the entire process of the research study' (p.73). Research methodology is a question of how to carry out research in a way that delivers the most accurate conclusions. At its heart is the 'process' of conducting a research (Ryan et al., 2002). The foundation of a methodology is constituted by ontological and epistemological assumptions. A methodology provides initial, and then developing, insights into how the topic can be examined in order to answer the research questions. Therefore, a clearly thought out methodology allows the researcher to consider alternative theories, models, frameworks, procedures and data collection methods that may be useful during the research process, as well as identifying expectations, ethical considerations, and values. Research methodology involves constructing theoretical frameworks, learning available techniques, and how to carry out surveys, experiments, tests, and critical studies Saunders et al. (2012). These scholars describe such methodology as being like an 'onion' and argue that is necessary to move through the initial surface layers of the research question or problem to get to the heart of the matter. These outer layers include identifying philosophies, methods, techniques, approaches, time frames, and specific contexts, processes, practices or concepts relevant to the proposed study.

For Bogdan and Taylor (1975), methodology is ‘the process, principles, and procedures by which we approach problems and seek answers [and] applies to how one conducts social research’ (p.1). Identifying the nature of the problem under inspection is an essential part in the process of the selection of research methodology (Bryman, 1984). The methodology that can be practiced by researchers when conducting a research encompasses the role of facilitating the communication channels and knowledge exchange between them especially those who have a desire to share knowledge and experience (Frankfort-Nachmias and Nachmias, 1996). However, the researcher’s philosophical perspective cannot be separated from the choice of methodology as the former influences the later either directly or indirectly (Gill and Johnson (2002).

3.7.2 Research Methodology Approaches

Creswell (2003) defines research approach as ‘plans and procedures for research that span the decision from broad assumption to detailed methods of data collection and analysis. It involves the intersection of philosophical assumptions, designs and specific methods’ (p.3).

Research methodology approaches can be classified in four ways, which are divided into two pairs: inductive and deductive, and qualitative and quantitative. However, Creswell (2003) classifies the approaches into three: quantitative, qualitative, and mixed methods approaches. Inductive research builds a theory, while deductive research tests a theory (Hyde, 2000). Inductive research begins when the researcher collects data, which is then analysed in search of a theory (Saunders et al., 2012). Deductive research begins when the researcher, having already set out theories or hypotheses to be tested, collects data to test them (Saunders et al., 2012). The inductive approach will be preferred when the researcher is seeking to interpret the data that have been collected.

As outlined earlier, the type of approach used will be influenced by the nature of the research, the ontological, the epistemological and the axiological of the researcher. Positivist and post-positivist research will be likely to employ quantitative data collection and analysis methods (though qualitative approaches may still be used). Researchers looking for the factors that influence an outcome, an intervention’s usefulness, or an effective way to predict outcomes, often deploy quantitative research methods, and this is the preferred approach for testing existing theories and findings. Interpretivist/constructivist research, on the other hand, is likely to deploy mostly qualitative methods (Guba and Lincoln, 1994; Silverman, 2000). However, a pragmatic approach can make use of ‘multiple methods, different worldviews, and different

assumptions, as well as different forms of data collection and analysis in [a] mixed methods study' (Creswell, 2003, p.12).

Methodologies typical of quantitative research include surveys and experiments. Survey is one of the most commonly used methods in social sciences including accounting. Survey is used to collect data on different areas such as accountants and managers' perceptions and attitudes (Mahmoudian, 2018). A survey describes tendencies, viewpoints, or perspectives via quantitative sampling. Surveys often take the form of structured interviews or questionnaires in order to create a general snapshot of the situation being studied. According to Cohen and Morrison (2007), experiments allow the researcher to manage the conditions of the experiment in ways that lead to greater accuracy and comparative insights when the conditions change.

Researchers looking to understand a phenomenon into which there has been little prior research tend to choose qualitative research, which needs further exploration and understanding; and of benefit to researchers unsure of which variables are significant. Qualitative research methods are interpretative and involve gathering wide-ranging data illuminating a particular condition or circumstance over time (Myers 2013). This differs from quantitative methods, which predict via the use of countable data and statistical methods. As Yin (2011) explains, whereas quantitative approaches are concerned with the 'what' of the thing being investigated, qualitative research focuses on the 'why.'

Qualitative research is a means of examining and challenging commonly held assumptions. Its essence is interpretation, in that the researcher interprets the data. Interpretation includes: subject description, data analysis, identifying conclusions, presenting and suggesting further areas for research (Wolcott, 1994). The researcher filters the data subjectively depending on current socio-political perspectives and therefore, personal interpretation cannot be excluded from qualitative analysis of data, which sometimes may lead to charges of researcher bias.

Likely projects for qualitative research are those involving new topics, topics not previously examined in relation to a particular sample, and samples that do not seem to fit with existing theories (Bryman,1984). Thus, qualitative research offers a number of advantages to those researchers engaged in seeking a deeper understanding of a problem or concept than quantitative research's variable-based correlations can provide (Silverman, 2000).

Qualitative research is deemed to be mainly inductive in nature hence the researcher develops insights and concepts by investigating, understanding and interpreting the data.

In view of the aforementioned discussion, the research carried out in this thesis inclined towards offering new insights and seeks exploration and interpretation based on the participants' views and in light of subjective understanding of CSR practices in Saudi Arabia. Therefore, the, inductive and subjective approach tends to lead to use qualitative research method.

Methodologies typical of qualitative research include: case studies, phenomenological research, narrative research, action research, ethnographies, and grounded theory. The present research employs the grounded theory methodology which will be discussed in details in the following section, however, hereunder a brief overview about some other qualitative methodologies.

For example, case studies allow in-depth insights into the topic or situation being studied. As a result, researchers are able to identify and record significant characteristics of, for example, events, processes, viewpoints, and forms of knowledge within specific and relevant contexts. Due to the researcher being able to directly observe situations and accurately record individual and group reactions and perspectives, case studies are highly effective for investigating events as they unfold within a specific timeframe (Yin, 1994)). Case studies are most concerned with the lived experience and viewpoints of those engaged in a particular context and ask 'how' and 'why' questions in order to answer clear research questions. Yin (1994) identifies three modes of case study, which are exploratory, explanatory or descriptive. However, problems with generalisability are often cited, as well as those regarding inaccuracy, bias and subjectivity.

In phenomenological research, the researcher examines a particular phenomenon from descriptions given by the people in the sample to find the core of human experiences relating to it. Its focus on lived experience means that phenomenological research can lead to the identification of behavioural patterns and interrelationships through the long-term study of a limited number of subjects (Khan, 2014).

Narrative research involves the researcher in studying individuals' lives. Stories told about their lives by one or more individuals are moulded by the researcher into a narrative way (Khan, 2014) that collaboratively combines the participant's and the researcher's views of life.

The essence of Action research is the promotion of change in an organisation, of which the researcher becomes part (Saunders et al., 2003). In ethnographical studies, a cultural group is studied in its natural setting over a continued period of time through the collection of what is mostly observational data (Creswell, 1998).

The approaches detailed above are not the best match for the research carried out for this thesis due to underpinned points of applicability or theoretical incompatibility. Deploying surveys was rejected because a broad amount of data was required from numerous sources for this study. Also, the nature of the present research requires deep examination for complicated issues of perspective and awareness which makes a surveying approach inappropriate (Saunders et al., 2003). The aim of this research was not for the researcher to actively participate in the life of people or organisations or to spend a great deal of time engaging in experiment, phenomenological, narrative and action research, particularly given the sampling issues that these approaches would have created (Saunders et al., 2003). The case study research is rejected because it requires determining a theory prior to conducting any data collection (Yin, 1994). Developing a primary theory before data collection revokes and restricts the potential explanation which is based on that the theory that interprets an organisation's CSR behaviour in a specific context may be questioned in another context (Spicer et al., 2004). In this context, Gray et al. (1997) state "We stress that we see accounting and social accounting as culturally specific and contextually determined" (p.351).

The following section discuss the grounded theory as the methodology choice for this research.

3.7.2.1 Grounded Theory: the research methodology choice

The methodology applied for the purposes of this study is grounded theory. Following an overview of this approach, the rationale for the use of grounded theory will be discussed in Section 3.7.2.7 below. Grounded theory is a form of sociological research wherein the researcher's theory is grounded in the participants' views. Grounded theory was developed as a type of qualitative research which developed by the sociologists, Barney Glaser and Anselm Strauss (Glaser and Strauss, 1967; Glaser, 1978; Strauss, 1998). A definition of grounded theory describes it as the 'theory that was derived from data, systematically gathered and analysed through the research process' (Strauss and Corbin, 1990, p.12).

This theory may concern an action, a process, or an interaction. Grounded theory research collects data in a series of stages, refining it and redefining interrelationships as it progresses (Charmaz, 2006; Corbin and Strauss, 2008). Grounded research begins with data obtained through observation and interaction, as well as from available materials relevant to the study. Researchers develop ideas and pursue them through the study of empirical events and experiences. Qualitative research of this kind allows researchers to develop their own ways of following up on and interpreting data they find interesting. An advantage of grounded theory

is that it also provides researchers with explicit guidelines (Kathy, 2006). Researchers learn the grounded theory approach as they proceed. At its heart is the collection and analysis of data with the aim of constructing a theory grounded in the data (Glaser, 1978 and 1992). For the most part, the logic of grounded theory is inductive, but Strauss and Corbin (1998) argue that its use of conceptualisation or interpretation is also deductive. Grounded theory researchers are encouraged to develop an abstract, objective sensitivity to words and statements expressed during research (Patton, 2002).

The aim of grounded theory is to understand the extent to which social circumstances are able to explain interactions, behaviours and experiences of the subjects of the. It sets out to provide new substantive theory grounded in data about subjects of which there is little existing research, or to give new insights into particular social phenomena (Strauss and Corbin, 1990; Khan, 2014; Boadu, 2015). Therefore, instead of describing complicated social processes and examining relationships between variables, grounded theory seeks to use the context of a given phenomenon to provide a means to understand it.

Grounded theory is considered the methodology most likely to support productive interpretative research and to incorporate a scientific, systematic method into qualitative social science (Denzin and Lincoln, 2005; Boadu, 2015). This stems from its iterative data analysis and ability to build new theories that are grounded in the data (Bryman, 2001; Charmaz, 2006). Locke (2001) notes that this approach is particularly useful to PhD researchers in the field of business studies who wish to construct theory via direct observation of a current situation. According to Straus and Corbin (1990), grounded theory is especially suitable where little is as yet known about what underlies a phenomenon. It describes phenomena by examining the conditions in which the phenomena arise, as well as the context and what occurs relating to them; thus, interconnecting elements can be observed, and relationships identified, leading to profound insights that offer contributions to knowledge useful to strategists and practitioners (Strauss and Corbin, 1990). Grounded theory methodology permits the generation of a substantive theory that provides insight, enhances understanding, and provides a meaningful guide to action because the theory it generates is adjoining the situation researched (Strauss and Corbin, 1998; Collis and Hussey, 2003).

This shows how grounded theory is in particular effective and well-fitted in understanding the unknown of any phenomenon in question when little is known and when there has been little research (Corbin and Strauss, 1990; Myers, 2013).

Corporate social responsibility reporting (CSR) in the context of Saudi Arabia is an area of which very little is known and the option of using the existing theories to interpret its practices is inapplicable (see chapters 1 and 2). Thus, grounded theory is qualified to offer an understanding and interpretation of the CSR reporting practices phenomenon by firstly describing it and then by identifying and reasoning the critical elements that shaped these practices. It is therefore able to explain and provide a deeper understanding as it takes into consideration the context (Saudi Arabia). This is because the researcher must examine numerous possibilities and standpoints, via rigorous data analysis, before offering any findings. Substantive theory developed from grounded theory research may be useful as an incentive for further investigation, both into the investigated phenomenon itself and into related issues (Ng and Hase, 2008).

3.7.2.2 Grounded Theory Versions

Several grounded theory method versions now exist, but three are currently most popular. These are the ‘classical’ or Glaserian version; the more structured approach of Strauss and Corbin; and Charmaz’s (2008) constructivist version. Glaser and Strauss (1967) originally stated that ‘theory that inductively develops out of systematic empirical research is more likely to fit the data and thus is more likely to be useful, plausible and accessible’ (p.3), and went on to explain that ‘[i]n this method, data collection, analysis, and eventual theory stand in close relationship to one another’ (p.12). However, Glaser and Strauss took different directions as they developed their ideas about grounded theory (Charmaz, 2008; Ng and Hase, 2008). Glaser preferred to examine theory as it arose from the data, and then checking the theory in relation to the data analysis. Strauss, on the other hand, preferred the deployment of coding patterns to control data analysis. These two approaches emerged from what is known as the ‘emergence vs. forcing debate’ (Glaser, 1992).

For Glaser, grounded theory had to privilege the data rather than allowing any manipulation of it by preconceived frameworks or assumptions (Glaser, 1992). Glaser’s approach is defined by its creator as “a general methodology of analysis linked with data collection that uses a systematically applied set of methods to generate an inductive theory about a substantive area” (Glaser, 1992, p.16). From this comes an approach that engages with consistent checking activities, wherein emerging data is examined with current data for comparison. As a result, the analytical categories in use can be further improved and developed (Glaser and Strauss, 1967; Glaser, 1992; Charmaz, 2006).

Strauss and Corbin (1998) agreed that ‘theory [should] emerge from the data’, but argued for the addition of ‘some standardization and rigour to the process’ (Strauss and Corbin, 1998, p.13). In order to achieve this a formalised approach was taken to developing the theory and conducting the analysis in light of this. This formalisation took the form of coding — open, axial and selective — sample checking the theory, and developing memos during the process (Strauss and Corbin, 1998). This differentiates Strauss and Corbin’s version of grounded theory in that, unlike other qualitative research methods, the theory is produced at the end of the research via continued development via data analysis or ‘analytic induction’. This approach remains the more popular of the two (Bryman and Bell, 2011, p.428).

The outcomes of this approach are produced by the development of concepts, categories, properties, hypotheses, and then theory. Concepts are the ‘building blocks of theory’ (Strauss and Corbin, 1998, p.101). While categories are described as being ‘higher in level and more abstract than the concepts they represent. They are generated through the same analytic process of making comparisons to highlight similarities and differences used to produce lower level concepts. Categories are the “cornerstones” of developing theory’ (Strauss and Corbin, 1998, p.7). The elements, aspects or characteristics of a category are termed ‘properties’ (Bryman and Bell, 2011). Hypotheses are born from the initial assumptions made regarding the connections that may exist between concepts. Strauss and Corbin (1998) define theory as ‘a set of well-developed categories [...] that are systematically interrelated through statements of relationship to form a theoretical framework that explains some relevant social [...] or other phenomenon’ (Strauss and Corbin, 1998, p. 22).

The version of constructivist grounded theory developed by Charmaz views ‘Strauss and Corbin’s methodological procedures [as giving] grounded theory an objectivist cast,’ and Charmaz states that ‘[n]umerous scholars have merged grounded theory strategies with the positivism inherent in Glaser’s (1978, 1992, 1998) and Strauss and Corbin’s (1990, 1998) versions of the method’ (Charmaz, 2008, p. 400). Therefore, the social constructionism in grounded theory is an advocate of that there is no discovery of data or theories; instead, interactions between researcher and participants lead to construction of data and theories and will not be separable from the researcher's own perspectives, values, prior knowledge, interactions, socio-political views, and geographical locations (Charmaz, 2008).

3.7.2.3 The Process of Grounded Theory Research

Grounded theory, with its focus on continual checking and rechecking to identify these categories, concepts, properties and hypotheses involves what they describe as ‘theoretical sensitivity’ — a level of ability that is personal to the researcher but can be improved by the use of certain techniques (Strauss and Corbin, 1998). This process involves breaking the data down into distinct categories before it can be analysed, a process known as ‘coding.’ Glaser (1978) suggests a coding process involving ‘open coding,’ ‘selective coding,’ and ‘theoretical coding’ (Ng and Hase, 2008). Throughout the coding process, the data are systematically re-evaluated in a search for interrelationships that will allow them to be moved and grouped in new ways (Corbin and Strauss 1990). Coding begins with the researcher examining the field notes by words, phrases, sentences, and paragraphs and then looking for other data that is either different or similar (Glaser and Strauss, 1967; Strauss and Corbin, 1990).

In **open coding**, the researcher identifies phenomena from the text and then names, categorises, and describes them. It is, in essence, a process of reading every line, every sentence, every paragraph to answer the question: What is this about? Coding puts a name (or ‘label’) to a thing, category or property. The process may be informal or very formal and systematic, though most coding in grounded theory is informal (Borgatti, 2005).

Open coding requires the researcher to separate the various elements of relevant data in order to compare and contrast and identify connotations that assist in creating concepts, which then become categories with which to illustrate an element of the phenomenon and improve the level of conceptualisation via in-depth study of a category’s characteristics (Strauss and Corbin, 1998, 2008; Boadu, 2015). To ensure accuracy, researchers should make careful records of codes and to keep notes containing details of the process, choices made, and descriptions that will be required when presenting the research and its findings (Strauss and Corbin, 1998).

While open coding fractures data, **axial coding**’s main purpose is to reassemble it (Strauss and Corbin, 1998). This is the stage at which researchers identify relationships between categories and their properties (Strauss and Corbin, 1990; Boadu, 2015)) to obtain a fuller and more detailed understanding of the subject being researched (Strauss and Corbin, 1998) by establishing what connections exist between categories when looked at in terms of dimensions and properties. The assumption that underpins the methodology of grounded theory is that links exist between all open categories. This is also the stage when open codes are assembled into categories and sub-categories, with some open codes themselves becoming categories.

Selective Coding records the ways in which categories interrelate, and examines those relationships to make sure that emerging concepts are consistent with the data. According to Gioia et al. (2012), it is important to record and present the words of the researcher and the research participant in order demonstrate how the conversation can lead to deeper insights into the research problem or topic; furthermore, it is argued that this approach increases the rigour of the research project and improves the quality of findings presented via qualitative methods.

Constant comparison of data is central to grounded theory, and this level of comparison involves identification of a **core category** (Strauss and Corbin, 1990; Ng and Hase, 2008). According to Glaser (1978) theory is generated around a core category and theory generation is at the very heart of the research's substantive area. The purpose of the core category is to capture those things that most concern participants in a research study and that are responsible for most of the variation in any behaviour pattern. It is this that explains 'what is going on in the data' (Glaser, 1978, p.94) and provides the base from which a substantive theory can emerge. A core category is therefore, the central category connecting all sub-categories (Howell, 2000; Holton, 2010).

3.7.2.4 The Outcome of Grounded Theory: Substantive Theory

Grounded theory can be seen as hypotheses undergoing verification (Glaser, 1978), via numerous descriptions (Strauss and Corbin, 1990) or material that illuminates various categories and the relationships within and across them (Charmaz, 2006; El Hussein et al. 2014). While outcomes differ, there is agreement within the literature that the theory product generally has similar characteristics to others of its type. This is emphasised by Glaser and Strauss (1967), who state that the outcome of grounded theory work will result in 'either a well-codified set of propositions or in a running text of theoretical discussion, using conceptual categories and their properties' (p.31). However, the theory generated is not to be seen as the end of inquiry but merely offers an account of the research presented with a set of findings. For Strauss and Corbin (1998), a theory examines and elucidates interconnections between studied concepts and categories, supported by data analysis, in a way that investigates the social world and reports on what is observed.

The theory emerges from the data – that is to say, it is substantive. Glaser and Strauss (1967) recommend that a newly developed substantive theory be compared with more formal theories that already exist. This allows the substantive theory to be linked to the body of knowledge that

already exists and is how a substantive theory may enable development of a grounded formal theory (Glaser and Strauss, 1967, p.79).

3.7.2.5 Grounded Theory Constraints

There are some limitations to consider when using grounded theory. Myers (2009) cautions researchers against becoming stuck or overwhelmed at the coding stage, noting that open coding is a complicated, labour- and time-intensive and can prevent the researcher from moving forward in the data analysis process. Grounded theory is also prone to producing theory that may offer surface rather than deep findings that contain a lack of generalisability leading to practical and/or theoretical limitations (Bryman, 2001; Myers, 2009). Furthermore, the number of approaches available for researchers using grounded theory methods has, for some extent, produced uncertainty regarding what grounded theory and its products are or how comparisons can be made. As with all qualitative methods, researchers must guard against charges of bias or inaccuracy by considering methods and issues of validity, reliability and triangulation carefully and from the outset (El Hussein et al., 2014)

3.7.2.6 The Role of Literature in a Grounded Theory Study

The use of grounded theory raises questions about literature reviews, particularly when to carry them out and how to carry them out. While some scholars believe a literature review is key to identifying research gaps and opportunities (Ng and Hase, 2008). There is a strong debate regarding this topic of identifying and dealing with relevant literature, and this can lead researchers to reject grounded theory as a viable approach to their studies (Bryant and Charmaz, 2007; Hussein et al., 2014). Glaser and Strauss (1967) were clear in their belief that the analysis should come first and a review of the literature next, in order to produce findings unconstrained by other scholarly voices and results.

While, initially, the advice was to ignore the literature review, Glaser (1998) later merely recommended that preparatory reading was kept to a minimum. Corbin and Strauss (2008) were in agreement with this, stating that ‘there is always something new to discover’ (p.36) and, therefore, the researcher was permitted to engage with the literature later in the study than is usually recommended. Schreiber (2001) took the opposite view, warning that research issues regarding bias and rigour can be prevented via a thorough review of the extant literature. This problem of theoretical sensitivity arises from concerns that the precision required for identifying connections in the data can be lost. The researchers must be aware of what they are bringing with them when conducting data analysis for grounded theory, as the literature, prior

knowledge, assumptions, personal or professional bias, and various practical or theoretical insights, can lead to presumption and the driving of data towards a predetermined set of findings (Strauss and Corbin, 1998).

3.7.2.7 The Rationale for Adopting Grounded Theory and Strassian version in this thesis

Grounded theory contains a number of elements that make it suitable for this research thesis. Firstly, this approach requires process analysis — where a process is defined as ‘the linking of sequences of action/interaction as they pertain to the management of, control over or response to, a phenomenon’ (Strauss and Corbin, 1990, p.143). Secondly, connections between macroscopic items and the problem being examined can lead to a theory being produced that is substantive and which ‘offers insight, enhances understanding, and provides a meaningful guide to action’ and which is ‘more likely to resemble the reality’ (Strauss and Corbin, 1998, p.12; Collis and Hussey, 2003). As the theory produced is rooted (grounded) in the data gathered it will allow a thorough examination of the connections between the concept and characteristics (Strauss and Corbin, 1998) of CSR, CSRR in the Saudi Arabian context. Thirdly, grounded theory has been found to be particularly effective for researching topics where there is a lack of extant literature (Howell, 2000; Nwanji, 2005), and that the theories produced — being ‘abstract enough and include sufficient variation to make it applicable to a variety of contexts related to the phenomenon’ (Strauss and Corbin, 1990, p.23) — offers opportunities for generalisability and further research. Fourthly, grounded theory is widely agreed to require rigorous comparison, methodical and subtle analysis and ongoing data collection that ‘forces the researcher to look beyond the superficial, to apply every possible interpretation before developing final concepts, and to demonstrate these concepts through explication and data supported evidence’ (Goulding, 2002, p.297). Lastly, grounded theory is popular with scholars investigating socially-constructed phenomena that exist in specific contexts: including branches of finance and accountancy, political science, management, and corporate governance, and organisational behaviour (Locke, 2001; Öberseder et al., 2013; Gioia et al., 2012, Khan, 2014; Boadu and Sorour, 2015), particularly as it allows direct observation of complex behaviours and activities in a studied context that can occur in a time and accurately recorded (Martin and Turner, 1986; Boadu, 2015).

As discussed above, there are different versions of the grounded theory approach. This study follows the Strauss and Corbin methodology, as it seems the most structured and effective version for handling significant amounts of data while ‘not [being] restrictively prescriptive.’

This level of effectiveness in carrying out data analysis and producing theory in a timely manner has been noted by numerous scholars (Parker and Roffey, 1997, p. 223). As noted above, grounded theory is popular with researchers working in a number of fields relevant to this thesis. For example, a number of scholars recommend grounded theory as especially appropriate for accountancy research due to its practical and thorough nature (Parker and Roffey, 1997; Gurd, 2008; Elharidy et al., 2008). Within the various fields of study, including business studies, where grounded theory is a preferred method, the Strauss and Corbin approach is predominant (Gurd, 2008).

3.8 Philosophical Perspective: Research Method

The following section outlines the research method utilised to collect the relevant data for this study that is formulated based on the research questions to be answered by the thesis (noted in the introductory chapter and discussed in detail in Chapter 1 as well as in the beginning of this chapter).

Different types of primary and secondary data are available to researchers. The former consists of data gathered by the researcher regarding the specific topic in a specific context. The primary data can be gathered by different methods such as questionnaires (in quantitative approach) and observation and semi-structured interviews (in qualitative approach). The secondary data is made up of the extant scholarly literature, professional sources (such as government policy or other documents), and any other material estimated relevant to the study (Collis and Hussey, 2009).

Quantitative approaches tend to focus upon statistical methods and countable data. Qualitative approaches allow for comprehension of data regarding perspectives, contexts, circumstances and systems and procedures based on individual experiences of lived reality. Data collected via qualitative methods stores participants experiences providing researchers with deeper understanding than is sometimes possible using quantitative approaches.

In an attempt to draw a connection between the quantitative approach and the qualitative approach on technical level, Bryman (1984) states that qualitative research is “likely to stimulate new leads and avenues of research that the quantitative researcher is unlikely to hit upon, but which may be used as a basis for further research. Such research will follow up the

leads suggested by qualitative research and will seek to confirm or reject them using the more rigorous framework associated with a natural science approach” (p. 84)

Data supporting the emergence of a grounded theory can appear, as is true of other qualitative research approaches, from a number of sources. Data collection processes can include interview and observation as well as a variety of sources of any type capable of casting light on the research topic such as official documents, books and newspapers (Corbin and Straus 1990). A very common qualitative research method is interviewing, which has been used by large numbers of researchers in a wide range of disciplines (Edwards and Holland, 2013). A number of interview formats are available; they include face-to-face in-depth interviews and focus groups — the latter approach being useful to observe group dynamics and individual interactions — as well as telephone interviews (Hussey and Hussey, 1997; Edwards and Holland, 2013).

Researchers are able to choose between a range of data collection and analysis methods, however, “[t]he choice of methods by a researcher turns on whether the intent is to specify the type of information to be collected in advance of the study or to allow it to emerge from participants in the project. Also, the type of data may be numeric information gathered on scales of instruments or more text information, recording and reporting the voice of the participants.” (Creswell, 2003: p.20). What decides the most relevant data collection method will be the nature of the research questions, the research’s objectives, and the methodology.

The use of interviews as a data collection tool allows focused exploration and recording of the unapparent issues in individual and group experiences, including perspectives, behaviour, knowledge, systems, procedures and values through direct observation. However, researchers must respect the degree to which participants are willing to share information while also guarding against ambiguity when constructing questions, asking questions and engaging with participants’ responses (Bryman, 1984; Barriball and While, 1994; Edwards and Holland, 2013). It is important for the researcher to remember to guide rather than manipulate the participant, to keep in mind that the interviewee is not merely a source of data, and to acknowledge that is the quality of interaction that often leads to new knowledge and insights (Eisenhardt, 1989).

Interviews allow flexibility and can often lead to richer data being gathered than is possible, for example, via questionnaires due to the personal interaction involved. Humans communicate in different ways (i.e. verbally and non-verbally), so this kind of interaction, if handled

correctly and professionally, can lead to richer data being collected (Edwards and Holland, 2013).

Interviews are more labour intensive than methods such as questionnaires, and raise issues such as anonymity, bias, manipulation, interviewees wishing to please the interviewer by telling them what they think is required as an answer, or, conversely, participant reluctance to disclose sensitive information about themselves, colleagues or their organisation (Frankfort-Nachmias and Nachmias, 2008; Collis and Hussey, 2009). As a result, interviews are time consuming for all involved, researchers need to respect participants' time and other commitments. It is important to provide an appropriate environment for the interview and to build a good relationship with participants (Patton, 2002; Rowley, 2012). As interviews can be an intense experience for both parties, it is advisable to keep an accurate recording of the conversation in order to ensure the quality of the data collected. Researchers must gain permission from participants, where possible, to record the interview, thereby allowing accurate transcription and cataloguing of the data at a later time. To ensure a successful interaction with participants, researcher should consider the language used in the interview and make sure that the questions are clearly expressed and understood.

As mentioned above, interviews can be structured, semi-structured or unstructured (Bryman and Bell, 2011). Each format lends itself to certain research types, objectives and situations to be investigated.

Structured interviews tend to be deployed when surveying large sample populations that require planning and uniformity. An unstructured interview has much more flexibility and takes a conversational form. A semi-structured interview allows researchers to prepare to discuss key topics while not sticking to a pre-determined script-like approach. Therefore, the researcher is able to change the order of the discussion and, if necessary, to change a pre-prepared question, create new questions and allow the conversation to unfold more naturally in ways that better suit the circumstances of the interview and interviewee (Saunders et al., 2003; Edwards and Holland, 2013).

Semi-structured interviews do more than reveal 'what' and 'how;' they also emphasise the importance of 'why' (Saunders et al., 2003, p. 248), giving opportunities to probe and identify basic attitudes, personal experiences, and opinions of those making decisions. Semi-structured interviews also contain aspects of structured and unstructured interviews, including multiple-

choice answers (as in structured interviews) and open-ended questions, often leading to richer data (Barriball and While, 1994).

The nature of this study requires data to be emerged and grounded in data from participants company managers in Saudi Arabia. Grounded theory allows researchers to capitalise on opportunities in interviews; for example, a discussion may arise that leads to new insights or ideas that were not previously envisioned. This is particular useful when attempting to elucidate levels of awareness, knowledge, viewpoints and attitudes towards CSRR among senior members of organisations in Saudi Arabia. Therefore, this data collection method provides insights not only into practices but also perspectives, motivations, systems and circumstances. As this research is predominantly an exploratory study that seeks to answer not only what and how the CSR reporting are practiced in the Saudi context, but also it seeks to explain what shape these practices, the research method detailed above was deemed the most appropriate and effective approach.

In view of the previous discussion of research methods, the semi-structured interviews were developed for this research project and chosen for its suitability to generate the required data to answer the research questions. A detailed description to data collection process and tool will be presented in Chapter 4 that about Open Coding analysis.

3.9 The Research analysis process

The study– the empirical part in particular- was designed utilising the aforementioned philosophical assumptions including the methodology (grounded theory) and the method (semi-structured interviews). In addition to a detailed explanation of the current research analysis in chapter 4, 5 and 6, this section intends to outline the process of the analysis.

Based on the grounded theory methodology - Straus and Corbin (1990) version- both the data collection and the analysis usually occurred simultaneously and were iteratively investigated.

The required data was gathered from the energy and petrochemical industry, publicly listed and non-listed companies over three to four rounds, and the analysis was applied continuously. Although not separated, the analysis was structured in several stages, firstly by making use of the preliminary overview that was gained from the material available in the public domain and produced by the sample companies. This initial overview helped to build the inquiries and the pre-themes of the first round of the interview. However, they were modified accordingly with

the progress of the analysis. Examining the data started with the ‘open coding’ stage (explained in chapter 4) where an initial storyline and theme began to develop by organising, summarising and labelling the available data from the first round of the interviews. The open coding process aimed to create a preliminary picture for the Saudi CSR reporting practices. The coding yielded a large amount of codes (299) which were then categorised in three main concepts (CSR perception, CSR implementation and CSR reporting) and four secondary concepts (process, regulation, change and benchmarking).

The second stage in the analysis process is the ‘axial coding’ in which the results of the open coding stage along with new flow of interviews were newly re-assembled by making connections between emerged categories – and subcategories- considering many elements such as context, actions and interactions. The aim of this stage is to obtain a clear and detailed picture of Saudi CSR practices to offer a plausible foundation to generate the theory which can explain these practices. The analysis in the axial coding stage – discussed in chapter 5- highlighted many elements such as aims, features, challenges, considerations and more importantly, ~~setting~~ a framework that shows what, where, when and to whom the CSR information and its activities are directed.

With new incoming interviews, the analysis process continued to aim to generate a theory that is grounded in the data and to provide a theoretical interpretation for the Saudi social reporting. Systematically, the investigation at this stage- the selective coding stage-, refined and integrated the axial coding categories to assign the core concept (detailed in chapter 6). The process progressed through five gradual phases (diagram 6.1): identifying the core categories, demonstrating their roles and their interrelationships, delimiting the core categories to elect the principal core category and finally, generating the theory. The generated theory was then detailed, explained and also illustrated in a diagram (6.3) which maps the territory of CSRR in the context of Saudi Arabia. The map allowed for a focused exploration of interrelated CSRR elements and concepts such as external and internal drivers, commitment, tacit and explicit accountability (the core concept), arbitrary and systematic reporting, and finally, desired outcomes.

Even though the analysis process resulted in mapping the CSRR arena and in identifying the core concept, the analysis extended to compare the grounded tentative theory with the existing CSR theories in addition to discussing the results with CSRR literature and also to build some important recommendations as shown in chapter 7 and 8.

3.10 Ethical Considerations

As Neuman (2011) states, ‘ethics begins and ends with [...] the researcher’ (p. 143). Both quantitative and qualitative research projects raise ethical issues, but qualitative researchers tend to need to give more consideration to the impact of the research upon intrusion participants. Neuman (2011) emphasises that ‘[i]t is the moral and professional obligation of the individual researcher to be ethical even when research participants are unaware of or unconcerned about ethics’ (p.143). Briefly, the researcher should recognise their duty of care to research participants, gaining the necessary voluntary consents, providing timely and accurate information about the study, and taking steps to guard against any form of harm or exploitation (Neuman, 2011).

In view of this, all ethical aspects were considered in the process of the data collection. Therefore, once the interview questions had been formulated, an ethical form was submitted for approval by Brunel University authority. Informed consent statements were then issued to and sent to all participants, having provided them with relevant information about the study and informed them of their rights. Data of every description, including audio recordings and printed transcripts was kept securely in a locked private cabinet, while electronic data files were stored on my own computer with password protection. During the research process, I took account of participants’ potential cultural concerns and norms, including those regarding interactions between male and female participants. also, a number of timing issues surrounded appointment setting were overcome such as delaying and sometimes cancelation the appointment.

In view of the previous discussion, the table (3.2) outlines the main points that constitute this research design.

Table 3.2: Research design of the study

Research Design of this study	
Area of Research	Corporate social responsibility reporting

Research Objective	The study aims to draw a holistic perspective of CSRR practices by Saudi Arabian companies and to generate a theory that is capable of offering a plausible explanation for what shapes this reporting.
Research Questions	<ul style="list-style-type: none"> - How the current practice of corporate social responsibility reporting is perceived by Saudi corporates' managers? - What does constitute an explanation (or theory) for CSRR practice in Saudi Arabia?
Research Paradigm	Ontologically: This research views reality as multi-faceted and perceived differently. Therefore, the reality of CSRR in the context of Saudi Arabia can be explored, constructed and interpreted through different meaningful actions among human- corporates' managers- interactions. This includes people's perspectives, knowledge and experiences.
	Epistemologically: Consistent with the ontological assumption deployed, the study adopts the interpretivism perspective in investigating CSR and CSRR in the context of Saudi Arabia which in the knowledge is constructed by interactive process and is analysed, understood and interpreted based on subjective interpretations. Therefore, the main source of the knowledge is the perceptions of managers and representatives from consultancy bodies on Saudi CSRR.
	Axiologically: Based on the ontological and the epistemological assumptions, researcher is part in the data collection process (interviews) and thus, cannot be separated and so will be subjective and the research is affected by the values of the researcher
	Methodology: Grounded theory
Research approach and data collection method	Qualitative (mainly inductive) using the Semi-structured Interviews as a method for data collection
Analysing the data	Strauss and Corbin approach of grounded theory methodology
Findings	A substantive theory (represented in a model in this research)

3.11 Conclusion

This chapter presented the research methodology of the thesis, setting out the approaches taken including research philosophy, research methodology and research method. The chapter shed light on some important research terminologies such as research design, research paradigm,

research ontology, research epistemology and research axiology showing their application to this study. It explained that this research views reality as multi-faceted and as perceived differently by one actor and another and thus, reality is dynamic and seen within its context. The study is based on using an interpretivism scholarly perspective to investigate CSR and CSRR in the context of Saudi Arabia. Furthermore, this chapter has elucidated the qualitative research approach deployed, providing a rationale for using these methods for the purposes of this thesis, showing that the most appropriate methodology for this type of study is the use of grounded theory and the semi-structured interview method as a tool for data collection. The chapter has also elaborated on the grounded theory methodology, attempting to provide a detailed background on the different versions of the methodology, why Strauss and Corbin form was chosen and what constraints are connected to it. In addition, the chapter offered further explanation of how to apply this methodology, and described the sequence of the three analysis stages; open coding, axial coding and selective coding. The outcome of these three stages is the generated theory which examines and elucidates interconnections between studied concepts and categories and investigates the social world. It also reports on what is observed. However, the generated theory is still substantive and needs to be linked to the body of knowledge and to the existing CSR formal theories.

The discussion extended to shed light on the different methods available for data collection, focusing on the ‘semi-structured interview’ as the method utilised to gather the required data for this study. Also, briefly, the chapter highlighted some ethical considerations and how they were taken into account, such as the interviewees’ willingness to participate and cultural and timing aspects.

The chapter concluded by summarising the empirical part of this research in particular the process and the steps implemented in applying the Strauss and Corbin grounded theory methodology in addition to providing a summary in a table showing the research design.

However, the next chapters contain a detailed description for the empirical part of this thesis wherein the fourth, fifth and sixth chapters address the three stages of Straussian analysis (open coding, axial coding and selective coding) and the analysis results. Then, chapters seven and eight discuss the findings against the CSRR literature and conclude the thesis.

Chapter 4

Open Coding Stage: A Preliminary Picture

4.0 Introduction

The previous chapter introduced the research methodology outlining the philosophical assumptions of this study and an explanation and justification to the selected research methodology and method.

The current chapter introduces the first stage of the empirical analysis of this study. Out of three stages of analysis, this chapter addresses the open coding stage. As discussed in Chapter 3, the study applies the grounded theory methodology and in particular the approach of Strauss and Corbin for its suitability to my research aim. The other two stages, axial coding, and selective coding will be discussed in Chapters five and six.

According to Willig (2013), coding the data at this stage involves “the generation of largely descriptive labels for occurrences or phenomena. Such labels give rise to low-level categories.” (p.73). Thus, the aim of generating those labels/codes is to draw a preliminary picture of CSR reality in Saudi Arabia by progressively establishing open categories and then developing an initial linkage between them.

Therefore, this chapter starts by shedding light on the technique that was used for data collection (section 4.1) followed by a rationale of industry sample selection (section 4.2) and background about the petrochemical and energy industry in Saudi Arabia as the chosen industry for conducting the interviews (section 4.2.1). A great deal of the chapter is then dedicated to demonstrating the open coding analysis process and providing a description of how the coding and the categorizing were processed. This is shown in sections (4.3) and (4.4) where 4.3 is devoted to the pre-interviews initial analysis and the pre-interviews themes. The section (4.4) presents a detailed protocol on how the coding was processed. A general overview on the open coding findings is presented in section (4.5) followed by presenting all the seven open concepts and their open codes. Summary of the findings appears in the section (4.6) and the chapter is concluded in section (4.7)

4.1 Data Collection

This research was conducted in the Saudi context through three phases over more than one year (2016 and 2017). The data was collected from the energy and petrochemical industry, publicly listed and non-listed companies (the rationale behind this selection and detailed information about the industry will appear in the following section). The personnel chosen to participate in the research were those with direct CSR involvement, and at the same time empowered to make decisions. Most of which were leaders or managers (table 4.1). This approach was designed to elicit what is understood by CSR within Saudi companies, how it is practised and how it is then reported. Communicating and reaching the chosen targets proved to be a challenge because industry figures, recognised in the markets and the sector are largely unreachable (Emtairah et al., 2009) unless there is direct contact. However, with the direct approach and by using several media of communication, including email, phone calls and WhatsApp, and enquiring directly to request an appointment, ten interviews were arranged in total for the first phase from six organisations, both listed and unlisted. eight interviews for the second and third phase from different companies, consultancy bodies both private and governmental in addition to accounting firms as shown in table (4.1). Appointments were confirmed by email with Participant Sheets and Interview Questions as document attachments. This procedure enabled the potential interviewees to understand how the interviews would proceed, what content would be discussed and how the data would be utilised when obtained. Participants also had their permission requested that the interviews would be recorded and transcribed for future analysis although the speakers would not be identified.

The method that was used for collecting the data was the semi-structured interview. This method affords a controlled environment insofar as the questions are relevant to the researcher's interests. Particular attention was paid to the design of the semi-structured interview to address mainly the CSR Reporting, but by understanding first how CSR is perceived and how it is implemented. Semi-structured interviews were therefore carried out between forty-five and seventy-five minutes' duration for each interview. The language of the interviews in some of them was in Arabic so the recordings were translated from Arabic into English and were transcribed by a professionally accredited body. Prior to their analysis, the audio tapes were reviewed by the researcher to ensure the transcriptions were accurate, not merely for vocabulary, but, as importantly, for message and nuance. This quality control was an essential component in ensuring the analysis would be based on adequately validated data.

For the purpose of starting the analysis, NVIVO software was a potential option to be used for archiving the transcripts, analysing and coding them and to report the findings. A trail has been made to check how satisfying the software is in coding and analysing in comparison with manual coding. Therefore, the decision was made confidently to rely on the software only for archiving the transcripts but not on the coding process or in analysing the meanings in the data. Hence, a manual analysis was used to guarantee -as much as the interview's transcript allows- for a close inductive involvement of the researcher. Extracting the meaning from various texts and nuances and then relating it to certain themes or categories in order to propose a deep understanding to the phenomenon is a process that pertains to human thinking. According to Jabbar (2015) there is a confusion in using NVIVO in the qualitative research, particularly in the analysis process, and he affirms that NVIVO is just a tool for managing and organising data and not a tool for analysing it. Coding in the methodology of grounded theory is an iterative process which needs to be revised and recategorized until data saturation (Strauss, Corbin 1990), the process which needs a level of judgment and some flexibility in addition to an adequate understanding to the context that the transcript is operated in. Therefore, NVIVO was used only for archiving the transcripts, not for the coding.

Table 4.1 Details of the interviewees

Abbreviation of the interviewees	Position of the interviewee	Phase
P1	Chief Public Relations Officer	1
P2	President and Chief Executive Officer	1
P3	Supervisor, Social Responsibility	1
P4	Head of the Women's Section, Social Responsibility Program	1
P5	Representative, Public Affairs and Shareholders' Relations	1
P6	Director, Public relations	1
P7	Vice President of the Industrial Security	1
P8	Executive Director, Operational Planning and Strategy	1

P9	Director, Communication and Public Relations	1
P10	Corporate Social Responsibility Unit Head	1+3
P11	Vice Governor, Consumer and Service Provider Affairs	2+3
P12	Executive Director	2
P13	CSR Consultant	2
P14	Head, Council for Social Responsibility	2
P15	Head of Saudi Net for CSR	2+3
P16	Manager, Public Relation	3
P17	CPA	2
P18	General Manager, CSR Unit	2+3

4.2 Rationale of Industry Sample Selection

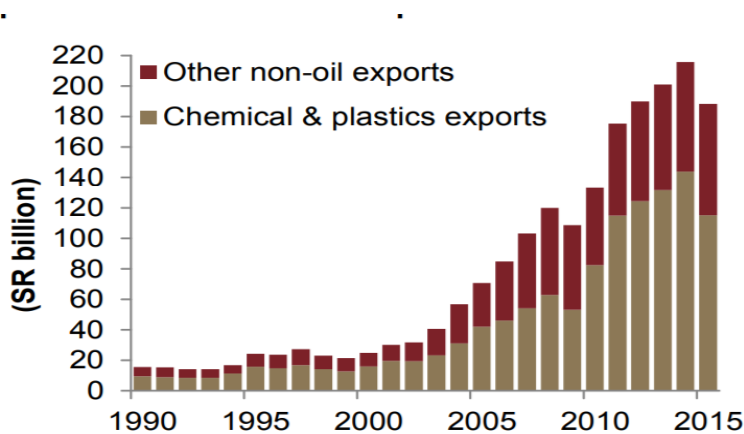
As mentioned earlier, the data was collected from the Energy and Petrochemical Industry. This selection was based on several reasons. A preliminary online-based research on a number of listed companies in different industries showed that the energy and petrochemical companies – more than other industries- have different ranges of ownership types (government, semi government and private), big variance in capital amount and more importantly, apparent variation in CSR disclosure. Some apply the international GRI standards (e.g. Aramco and SABIC) while some use more informal means. This initial information offers a potential rich and wide range of different views, especially since this study seeks to understand and explains the CSR reporting practices. In addition, the industry is well positioned in the region and one of the strongest industries of the Saudi Arabian economy. It is, also, labour-intensive or even potentially the most important source of employment as well as it is environmentally sensitive. This high profile characterizes the industry by consumer visibility that is more likely to have open CSR reporting practices (Campbell, et. al 2003 and Roberts 1992). The industry also contains public and private ownership which offers the availability to gain a range of point of views. Added to that, the sector is often seen as a model for business practices by other Saudi industries and unlike other sectors, the CSR reporting in the petroleum industry in Saudi Arabia has not been studied specifically. Focusing the research on the energy and the petrochemical

industry may help to prevent the intrusion of factors not applicable to, and outside, this industry. The family companies, for example, have a different nature especially in terms of the nature of the ownership which is concentrated and controlled mainly by very few owners.

4.2.1 Background about Saudi Energy and Petrochemical Industry

Petrochemical products such as plastics and chemicals make an important contribution to the Kingdom of Saudi Arabia's (KSA) non-oil economy. In 2015, exports of these products from Saudi Arabia accounted to 10 per cent of all global petrochemical products, with a value of \$30 billion (SR115 billion). In terms of the Saudi economy, they comprised 60 per cent of the country's exports of non-oil products (Jadwa investment, 2017). Figure (4.1) shows the dramatic increase in Saudi chemical and plastics exports over the years 1990 – 2015.

Figure 4.1: Chemicals and plastics as a proportion of non-oil exports



Source: Jadwa investment (2017)

Before the 1980s, the petrochemical sector did not exist in KSA as the gas produced by the production of crude oil was flared off. In the 1980s however, the government initiated the Master Gas System. This was a gas infrastructure comprising facilities for collecting gas and delivering it through pipelines to industrial cities in Yanbu and Jubail. This system formed the basis of the country's present petrochemical sector.

Since this initial investment, this sector has flourished and continued high levels of investment have seen the country's chemical capacity increasing by 116 per cent from 2005 to 2015. Saudi Arabia's petrochemical sector, which began as a very local industry, is now a key element of the country's economy and within it there are some of the world's most profitable and largest organisations (Jadwa investment, 2017).

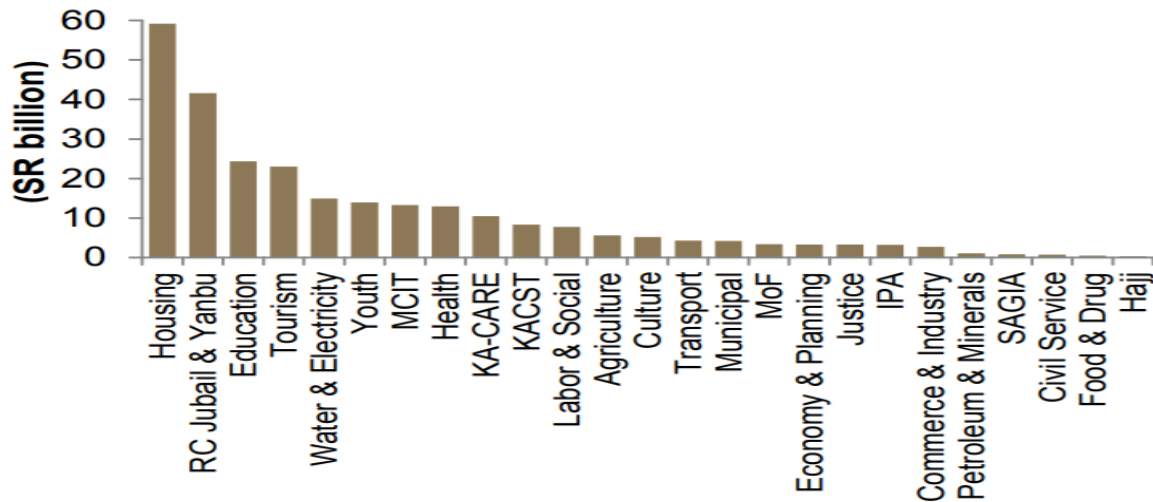
The major companies in this sector are the Saudi Arabian Oil Company (ARAMCO) and the Saudi Basic Industries Corporation (SABIC). The former is the largest oil producer in the world, which means it has a significant impact on the economy of KSA. It is owned by the state and makes multi-billion-dollar investments in projects across the country. It is the main source of feedstock for the nation's petrochemical plants (GSBM, 2014), with a recent move into the chemical sector. The Sadara Chemical Company, the product of a joint venture between Aramco and Dow Chemical from the USA, have declared that this move by Aramco is a step towards the goal of becoming a globally integrated energy and chemical company. The chemical company began operating in 2017 and it instantly became the world's largest integrated petrochemicals site. The new chemical products that will be part of its range will enhance the development of KSA's non-oil manufacturing and technology sectors (Jadwa investment, 2017).

SABIC was founded in 1976 with the aim of diversifying the economy, and it is now the largest company in the Middle East. According to a report by the Gulf Petrochemicals and Chemicals Association, in 2000 the member states of GCC produced 39 million tons of petrochemical products, but by 2008 this had risen to 100 million tons. The size of the industry can be gauged from the fact that over the whole Gulf region, petrochemicals produced in KSA account for three-quarters of all petrochemicals produced (GSBM, 2014).

The significant contribution to the non-oil economy made by the petrochemical sector means that it has been identified as one of the principle industries able to lead the move away from reliance on fossil fuels (National Transformation Program (NTP) 2020; Vision 2030). The Saudi government has therefore invested heavily in initiatives in this industry under the NTP through the Royal Commission for Jubail and Yanbu (RCJY), which was established in 1975 to 'plan, promote, develop and manage petrochemicals and energy intensive industrial cities'. The amount of money invested through the RCJY is the second highest under the NTP initiatives (SR41.6 billion) (see figure 4.2). The commission has therefore set ambitious targets for 2020, for example increasing overall revenue by 93 per cent. Investment in the industry has

also been increased by the fact that Vision 2030 has identified the petrochemical industry as an important one for achieving the target of increasing KSA's non-oil export from 16 per cent of GDP in 2015 to 50 per cent in 2030 (Jadwa investment, 2017).

Figure 4.2: RCJY allocated second largest amount of funds under the NTP



Source: Jadwa investment (2017)

The investment in the petrochemical industry, due to the NTP 2020 and Vision 2030 targets, will help to further improve infrastructure and encourage technological innovation. There is strong support for new ventures in petrochemicals, including joint projects between Saudi and foreign organisations. The sector's capacity is therefore set to increase, with an emphasis on downstream specialty. This should bring about subsequent increases in non-oil product exports, and also expand the country's manufacturing base, providing skilled positions and employment opportunities for Saudi citizens.

There is also evidence, however, of a number of challenges facing the petrochemical sector, both nationally and internationally. Since 2014, chemical prices have been falling while feedstock prices have been rising. There is also increased competition from abroad. Such factors will no doubt change the nature of the petrochemical industry in KSA in the years to come, but the government's recognition of the core role of this sector in the economy is a sign that it will not let the industry diminish.

One of the additional challenges for the petrochemical industry, as for many industries in the country, is that in the past there has been a great reliance on foreign skilled workers in the private sector. This has resulted in high unemployment among Saudi nationals, a situation the government has set out to rectify with the Saudization programme. Manufacturing has been identified as an industry where overall Saudization rates could be improved, and the petrochemical industry could be particularly valuable in this sense due to the multiplier factor of job creation, which has been empirically tested. Research cited by the GPCA claims that for every position created directly within the petrochemical industry, another four are created indirectly. The website of the Saudi Industrial Development Fund (SIDF) states that in 2015, the level of Saudization in the petrochemical industry was 33 per cent, which is higher than the level within the whole manufacturing industry, which was 20 per cent, but there is clearly still room for improvement. One of the future challenges for the industry will be finding Saudi personnel who are appropriately skilled and experienced.

4.3 Pre-Empirical Field Review

This includes first, analysing some secondary data (e.g. companies' websites) to build a general overview about CSR reporting. Secondly, five pre-themes were developed based on the literature review to direct the interviews questions.

4.3.1 Preliminary Overview

As a preparation to the interviews and as a main source of collecting data, the material produced by the listed petrochemical and energy companies and available in the public domain was reviewed and analysed while concentrating on their annual report, where available. Such information, especially that which related to CSR, was accessed via to what is published in relation to the CSR. The review showed in many cases an interest in CSR as it is explicitly given spaces either as part of the companies' visions, missions, core values, governance or (if any) either as part of the annual reports however, rarely as included in sustainability reports. Still, there is a big variance in the way and in the volume of the disclosed CSR information. In general, the disclosed CSR information is about policies and aims rather than CSR performance and practices. A table was generated to capture the preliminary overview (see appendix 1) wherein some columns are devoted to give basic information about the company (e.g. name, links to its website, etcetera). Other columns devoted to giving information about CSR information that is disclosed in the websites in terms of where – if any- and what nature it has.

4.3.2 Pre-Interviews' Themes

The analysis has developed in light of five pre- determined themes (perception of CSR, perception of CSR reporting, CSR practices, CSR reporting practices and regulations and governmental role) (table 4.3). The themes that were built prior to conducting the interviews are based on the research questions, the preliminary research- mentioned earlier- and the reviewed literature. This was done in order to form the questions -even primary- which will be asked in the interviews. However, the prepared questions have only served in drawing general outlines for the conversations. In effect, the data collected based on these questions is aimed at building an infrastructure for generating a theory to CSR reporting in a structured way (Straus and Corbin, 1990). Defining a pre-theme as a starting point is an essential step for the researcher in grounded theory methodology. Willig (2013) stated that

“Since grounded theory research aims to develop new, contextualized theories, a review of existing research has to be undertaken with caution. It is important that the researcher maintains a certain distance from such literature; the grounded theory study reported must not be seen as an extension of, or a test or, an existing theory. Some grounded theorists even recommend that the researcher does not review relevant literature until after the research has been completed. However, it could be argued that this is impossible, since most researchers are already working within a discipline ... and are already familiar with the major theories in the field. A systematic review of the literature is unlikely to ‘contaminate’ their grounded theory study within such a context. It may, however, help them to formulate a useful research question that has not been asked before in quite the same way” (p.74)

However, reviewing the literature is not meant to restrict the researcher to the existing literature or even to the pre-defined themes. Due to the fact that the main inquiry of this research is to understand and explain the CSR reporting practices by Saudi companies, it was very important to allow the literature to draw only a start point, but to leave a space for every possible idea or factor that may emerge in the interviews. Therefore, reviewing the literature was used to provide a general guideline when conducting the interviews and to keep the focus on the main phenomenon (CSR reporting) and any potential related aspects- either the perception or the implementation- as they may shape how companies disclose any CSR information. Table 4.3 shows the pre-themes and the related questions.

Table 4.2: Interview questions based on pre-developed themes

Pre-Themes	First phase of interview questions
Perception of CSR	<ul style="list-style-type: none"> • What is your perception of CSR? And why? • What are the CSR strategies adopted by your company? • How do you Benchmark your CSR strategy
Perception of CSR reporting	<ul style="list-style-type: none"> • What is your perception of CSR reporting? • How important is reporting on CSR activities? Why? Why not? • From your point of view, what are the ideal methods to convey the company's CSR strategies and activities? (Annual reports, special leaflets, standalone reports, integrated reports, advertising, website, etc.)? • Who do you think is the targeted audience of CSR reporting? • What are the potential advantages and disadvantages of CSR reporting?
CSR Practices (programs)	<ul style="list-style-type: none"> • How does your company implement the CSR strategies? • Who is involved in the process of formulating the CSR strategy?
CSR Practices (Reporting)	<ul style="list-style-type: none"> • Do you follow specific standards for CSR reporting, for example GRI or ISO 26000....)? • How efficient are the current reporting practices used by your company? • How frequent is disclosure in your company? • How accurate is it? • How do you evaluate its quality? And its effectiveness? • What issues are more likely not to be disclosed by the company? Why?
Regulation and governmental role	<ul style="list-style-type: none"> • What is your perception of the governmental role in terms of CSR in general? • What is your perception of accounting standards in this regard? • Does your company comply with all government regulations? If not why?

4.4 Open Coding Analysis Protocol

According to Straus and Corbin (1998) the analysis process evolves systematically into three main phases; open coding, axial coding and selective coding. Coding, in general, is a fundamental process in the methodology of grounded theory. The process of coding is the process of organizing, summarizing and labelling the data and is the basis for developing the analysis and for creating the themes of the data (Corbin and Strauss, 1990). Coding allows us to build a big picture and to develop a storyline.

While coding can be carried out in many ways, such as line by line or sentence by sentence or even page by page, I mainly applied the line by line coding and at the same time gave attention to the smaller units when investigating the textual data. Line by line analysis allows numerous concepts and categories to initially emerge and “ensures that our analysis is truly grounded and that higher-level categories and, later on, theoretical formulations, actually emerge from the data, rather than being imposed upon it” (Willig, 2013, p.73). In addition, line by line coding helps by not missing a significant category in the data set.

In the open coding process, large descriptive labels of the data were generated by dividing it into pieces and were closely examined for a set of themes that describes the phenomenon under investigation. Therefore, numerous codes and categories emerged early in the research (Strauss and Corbin, 1998).

Firstly, the data was analysed manually- even archived in NVIVO as mentioned earlier- applying the iterative process that progressed into multiple stages relying on the interviews’ transcriptions and the written memos. The manual analysis offers a thorough investigation as the focus is not only on the words that were mentioned by the informants but also on the context that they were introduced in. Thus, the open codes were built to ensure that the code is the best description to the idea. However, the interviews in many cases shifted the directions of the conversation away from the pre-themed questions and raised numerous ideas, as will be noticed and discussed thoroughly in the next chapters.

In order to analyse the data, each interview’s transcript was analysed line by line to allow as much open codes to emerge and to ensure every possibility of uncovering the thoughts and the ideas in the data. This close investigation produced the first order of the concepts and the categories which were immersed in the data. The coding process is then repeated for all the transcripts as they were conducted. At this stage, and with retaining the language of the informants wherever possible (Glaser and Strauss,1967), the transcripts were then “broken

down into discrete parts, closely examined, and then compared for similarities and differences” (Strauss and Corbin, 1998, p.102). With being open towards the data as an essential element, the concepts emerged naturally without “forcing” (Glaser, 1992, p.51).

From an exhaustive analysis to the first order of the interviews’ transcriptions in addition to their memos, 299 open codes were picked up. The process started with analysing, coding and categorising each interview transcript along with its audio and its memo. Coding and categorising were applied through two questions, While the question; what is this idea about? has helped in defining the code, the question; to what this code can be related? has helped in defining the category. For example, the quote by P10 “*... Also, CSR in Saudi Arabia is much related to charity ... What we can call corporate philanthropy. Then this is a very important perception and understanding for most part people in the company and outside the company*” this quote is mainly about how CSR is perceived by the managers of the companies wherein philanthropy is an important part of the perception, so it can be coded as a ‘Philanthropy’ and with applying the question: what is this related to? So, it can be related to CSR as a concept.

It was a priority- as much as possible- keeping the informants’ words when labelling the data but not a restriction as in many cases the context where it is said entails using a code that needs to be the most representative even though that it is not the exact words of the informants. For example: the quote “*there is a lot of issues [activities] that are not published in the annual report*” was coded with ‘Gap between implementation and reporting’.

As such, this technique has been applied to each transcript. Then, the process has been repeated for the other interviews. In order to manage these codes, all the open codes, the initial related categories and their quotations were all gathered in an excel sheet as a preliminary stage.

Further investigation into the excel sheet was applied by looking iteratively at the similarities and the differences among the open codes and among their categories in order to manage and to map that big number of the open codes. Therefore, and with a continuous comparative technique three main open concepts (CSR perception, CSR implementation and CSR reporting) emerged along with another four secondary concepts (process, regulations, change and benchmarking) as will be discussed in detail in the following section.

4.5 Open Coding Findings: General Overview

As outlined in the previous section the coding process yielded 299 open codes which categorised under three main concepts and four secondary concepts (Diagram 4.1.). The codes and their related categories/concepts were organised initially in an excel sheet supported by NVIVO archives. It is noteworthy that the analysis resulted in new open categories differ from those pre-developed themes as shown in table (4.2). During the analysis, gradually, general perspectives started to evolve based on the five pre-themes. For example, the unclear meaning for CSR, the lack of the governmental role, the importance of the corporate's peers, the little attention paid to CSR reporting and the process followed to undertaking the CSR activities and so on. These perspectives helped in identifying the open categories and the open codes.

In order to illustrate how the codes were grouped and categorised, some examples will be given before presenting the findings in detail. To start with, in the quote by the participant P3 “... *In our perception, CSR is part of the strategy of Citizenship, we deeply want to serve society, we undertake work that is complementary to other's basic work.*”, two meanings or codes can be spotted: “complementary” and “citizenship” and both are related to bigger classification that is Perception. The informant is trying to explain that the company, by providing any CSR activities, it practices a complementary work for the company itself and on behalf of others, especially NGOs. Therefore, the informant sees CSR activities as not part of the company's core business. So, we can relate this to how CSR is perceived or CSR as a concept. Citizenship is another code attributed to conception showing where CSR is located in the strategy of the company and bring the attention to how this inclusion is implemented.

The code “Saudization” with the quote by P6 “*even employing Saudi nationals, we consider it as part of our CSR. It is true that we try to attract certain qualified staff, but at the end we participate in the “Saudization” ...*” can be related to how CSR is **implemented** and what type of activities it has.

Another example is the code “Pollution prevention” with the quote by P6 “...*even the thermal emission issue is part of the CSR. This helps eliminate pollution and save power, which is a very important issue.*” this code again is related to CSR **implementation** but points to another approach which is environment.

The codes “Part of the annual report” and “Detailed report subject to request” by P5 “..*we have to focus more on our core business of generating and distributing electricity, that is why we choose to report social responsibility in a short form through the annual report. However, we*

are sometimes asked for detailed reports and at that time we can provide details about the budget, the expenses, how they were spent, the beneficiaries, the programs, etc.” can be related to the **Reporting**.

The open code “Public is not very interested” by P10 “*I don't think that the public is very interested in this type of report in Saudi Arabia.*” this is related to the **Reporting**.

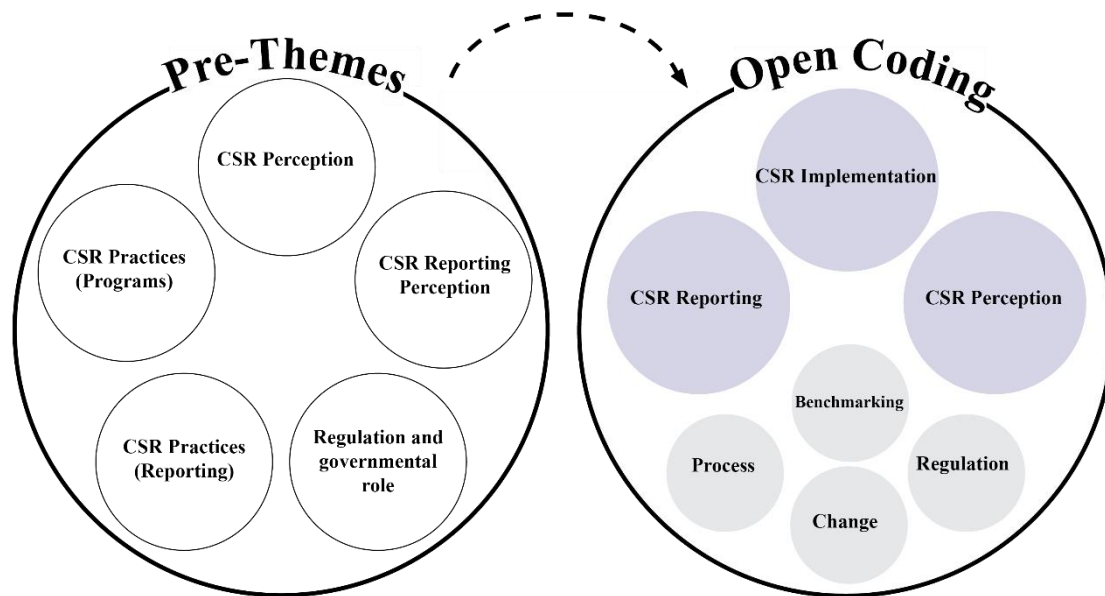
The code “fund confirmation” P1 “*...After the session we receive the confirmation on the funds, the orientations and parts of the programs.*” is related to the **Process** and “observation is a starting point” can code the quote by P6 “*There is no specific structure actually’ the process stems either from an idea, a suggestion, a bad habit we notice, a problem in the society, or a bad phenomenon. etc.*” can be related to the **Process**.

The code “Some of ISO 26000” suits the quote by P5 “*...the Saudi Electricity Company is applying ISO 26000 as a guideline only.*” so this can be related to the **Regulation**.

The code “CSR concept was lost before 2007” describes the meaning of P5 says “*... I have followed the concept of CSR since 2007, and I have found that it is developing. Before that, it was completely lost, now it has begun to become more mature.*” Thus, it can be related to the **change**.

P 8 noted that “*2008-2009 the company became international company and CSR too, [the company] In 2008 and 2009 we started to grow beyond the kingdom to cover 13 countries at the moment. In every country there is different governance in terms of the utilities sector, the CSR, foreign investment....and even the market itself is different. When it comes to CSR we have had to evolve as the needs of every country are different and one size won't fit all.*” is related to the **change**.

“Aramco” can code the meaning of what P6 noted “*But there are other companies that set an example like Aramco; it is the first in the Kingdom in the field of social responsibility.*” It can be related to **benchmarking**.

Diagram 4.1: Open coding Analysis/ Open Categories

4.6. Open Coding Findings: Open Categories and Open Codes

As aforementioned, the open coding is applied line-by-line with incidents compared continuously to stimulate the emergence of conceptual ideas. According to Holton (2010), a set of questions during open coding “sustain the researcher’s theoretical sensitivity, transcend descriptive details, and encourage a focus on patterns among incidents that yield codes.” (p.24). Therefore, as coding progresses, themes and categories emerge and start to shape which encourages proceeding in coding heading towards theoretical saturation.

The open coding analysis yielded a significant number of codes (299 open codes) which is not “unusual at the outset of a grounded theory study where the researcher wishes to remain as open as possible to what may emerge from line-by-line coding “(Holton, 2010, p.26). These codes as earlier described, fit seven open categories. Three of the seven open categories are main concepts (CSR perception, CSR implementation and CSR reporting) and the other four are secondary concepts (process, regulation, change and benchmarking).

The open concept ‘CSR Perception’ as one of the main open categories which includes an initial overview on how Saudi companies perceive the concept of CSR, what definition they have and how they relate it to other concepts. These views are not necessarily based on visible and known backgrounds but may help in highlighting the unknown in CSR reporting. In this stage of the analysis, 93 open codes (shown in table 4.3) were recognised and attributed to CSR

perception. Further investigation will take place, as we will see in the axial coding stage in chapter five.

The second main open concept ‘CSR implementation’ is related to the real practice of CSR concept or in another word and as commonly used in the literature is the “CSR activities” or as it is used in Saudi business language “CSR programmes”. The category concerns with how Saudi companies implement CSR concept. Understanding how CSR is implemented gives an important dimension to understand the phenomenon of CSR reporting, as corporations usually report on their activities. These activities, in most cases, can be reflected in the corporations’ reports. The category is coded with 66 open codes (shown in table 4.4) which will be furtherly investigated as will be discussed in chapter five.

The third main open concept is ‘CSR Reporting’ which labels any information given by the participants and is related to what perspectives that Saudi corporations have regarding CSR disclosure including -among other aspects- how and why this reporting is practiced. CSRR is concerned with all issues that are related to how companies convey their CSR activities. This open category is coded with 77 open codes (shown in table 4.5) which will be entered into a further investigation as will be discussed in chapter five. CSR Reporting in Saudi Arabia is the principal focus of this research; however, it is not separable from how CSR is conceived and how it is implemented.

The secondary open codes; Process, Regulation, Change, and Benchmarking were considered secondary concepts because of their apparent importance in the data but not as important as the main concepts and for their relevance to the analysis. The ‘Process’ category points to the practical procedures that either CSR activities or CSR reporting go through from the beginning to the end. It focuses on the process of implementing CSR inside the company (and administrative issues). The available data related to the process is supplementary information that can enhance understanding of the CSR phenomenon. The process category is coded in 18 open codes (shown in table 4.6).

The ‘Regulation’ category is concerned with any governmental or any other official bodies’ directives or rules that may affect, in a direct or indirect way, on the reporting or the practice of CSR. It deals with what the informants highlighted as crucial relevant CSR regulations. The category is coded in 31 open codes (shown in table 4.7) that include international and national regulations in addition to future prospects.

The ‘Change’ category refers to the changes that have made differences or modifications to CSR practices in a company. It attempts to monitor any points where changes have happened in Saudi CSR journey. 14 open codes (shown in table 4.8) were related to the category of change.

Finally, ‘Benchmarking’ is what the company sees as a good CSR exemplar to follow. This category highlights to who Saudi companies benchmark their CSR practices. Four open codes were linked to this category (as shown in table 4.9)

The tables (4.3, 4.4, 4.5, 4.6, 4.7, 4.8 and 4.9) show the result of the coding process where the data was fractured and analysed and then initially coded in seven open concepts and their related open codes. The tables act as a summary of the open codes only. These open codes are also appeared in the appendix (2) but evidenced and enhanced by the relevant quotes from the data. The section (4.7) sheds light on the findings of this stage of the analysis.

Table 4.3: CSR Perception open codes

Open Category	Open codes	Open codes	Open codes	Open codes
CSR perception	1.1. Mainly philanthropy	1.25. No for marketing	1.49. CSR includes the approaches: environment, society, employee, suppliers and customers	1.73. Saudis are less need to money (no focus on the poverty)
	1.2 Limited understanding	1.26. Implemented by the practitioners without scrutiny	1.50. Complementary	1.74. Saudis are less need to health support (economic situation)
	1.3. Growing (broader meaning for CSR) and shrinking (the philanthropic meaning)	1.27. Weak CSR education	1.51. blaming prevents progress	1.75. Saudis need more training and education
	1.4. Ambiguity	1.28. Arbitrary	1.52. In the strategy	1.76. CSR includes doing the mainstream business operations with authenticity
	1.5. Aramco	1.29. Linked to governance	1.53. CSR committee is very important (top hierarchy)	1.77. CSR includes doing the mainstream business operations for everyone (reaching everyone)

Open Category	Open codes	Open codes	Open codes	Open codes
	1.6. CSR / sustainability as an aim	1.30. Competitiveness	1.54. Women are important	1.78. CSR includes donations
	1.7. Religion	1.31. Attract new employees	1.55. Programs are universal (boys and girls)	1.79. Profitable companies are capable to provide higher CSR standards
	1.8. Culture	1.32. Not the fund	1.56. A mix between accountability and motivating	1.80. Ensure sustainable development
	1.9. Recognition	1.33. Old practice with new name	1.57. It is a trend	1.81. Serve where we exist
	1.10. Reputation/image	1.34. Different meaning for different users	1.58. Coordination and collaboration lead to efficiency	1.82. Playing role in serving society is the driver not competitiveness
	1.11. Branding	1.35. Agreement on the general concept	1.59. Vision and strategy are mature	1.83. CSR for some companies means achieving more profit by enhancing their image
	1.12. Citizenship	1.36. Influenced by the surroundings	1.60. Implementation is yet immature	1.84. CSR is not up to the requested level
	1.13. Outreach	1.37. Believe in transparency	1.61. The right concept is (limited)	1.85. Timeliness is important
	1.14. Credibility	1.38. Focus on quality	1.62. Sustainable contribution is subject to the governmental supervision and coordination	1.86. CSR is subject to private policies and goals
	1.15. Institutionalization	1.39. Lead to sustainability	1.63. CSR is fundamental	1.87. Regulation and accountability enhance practice
	1.16. Win-win	1.40. Saudi Arabia has its specifications	1.64. Serve directly and continuously	1.88. Accountability can prevent negative affects
	1.17. Identity	1.41. Cooperation is required	1.65. Transparency is not rigorous	1.89. CSR created new type of business
	1.18. Low awareness	1.42. CSR is sense of responsibility	1.66. CSR evolves to meet the needs	1.90. Society perceives CSR as compulsory
	1.19. Gap between practice and concept	1.43. Influenced by the type (ownership) and the	1.67. CSR facilitates creation resources	1.91. Yet some are not adopting CSR

Open Category	Open codes	Open codes	Open codes	Open codes
		nature of the business of the company		
	1.20. Pay back (to society)	1.44. Influenced by the size of the company	1.68. Compatibility (culture, self-serving and country's development)	1.92. CSR is an ethical and moral concept
	1.21. Aligns with and contributes to Country's development	1.45. Awards should measure the contribution not the budget	1.69. CSR is a tool for acceptance by the community	1.93. National model is a solution
	1.22. Long term programs	1.46. No harmony between the three main sectors (Public, Private and charity)	1.70. Pay back (to the company)	
	1.23. Autonomy tendency	1.47. Efforts are not appreciated	1.71. Engagement with the community help you to live longer	
	1.24. Act not respond	1.48. The needed information is not available	1.72. The main stakeholders in Saudi Arabia are trainers	

Table 4.4: CSR Implementation open codes

Open Category	Open codes	Open codes	Open codes	Open codes
CSR Implementation	2.1. Pollution prevention	2.18. To consumers	2.35. Support voluntary work	2.52. Documenting is not good enough
	2.2. Employees-safety	2.19. Some CSR programmes waste money	2.36. External and internal practices	2.53. Training for the purpose of employing
	2.3. Employees – health	2.20. Gap between practice and strategies	2.37. Increase the beneficiaries is an aim	2.54. Watering system to the near farms (environmental approach)
	2.4. Security	2.21. Support education	2.38. The quality is an aim	2.55. Mobile clinics (economic situation and health support)
	2.5. Raise awareness	2.22. Show off	2.39. General donations	2.56. Sponsoring transportation

Open Category	Open codes	Open codes	Open codes	Open codes
	2.6. Communicating	2.23. Media is a source of information for suggesting the programmes of CSR	2.40. Programs (big & small)	2.57. Preserve the environment
	2.7. Serving local needs	2.24. Personal views are a source of information	2.41. Programmes (annual & seasonal)	2.58. Support national products and contractors
	2.8. Contribute to Country's development plans	2.25. No governmental guide to where to work	2.42. Beneficiaries are internal and external	2.59. Donations but not cash
	2.9. Compliance with Saudization	2.26. Raise awareness on traffic accidents (health problems)	2.43. Serve where we operate (impact)	2.60. Hold events
	2.10. Supporting SMe's	2.27. Raise awareness about divorce problems (social problems)	2.44. Doesn't reflect the society needs	2.61. Maintain natural resources
	2.11. Supporting national products	2.28. Raise awareness on environment	2.45. The families of the employees	2.62. Providing a service rather than giving money
	2.12. Collaboration with suppliers and other entities	2.29. Support Housing (economic situation)	2.46. External specialised bodies are more efficient	2.63. Targeted stakeholders: employee, society, other sectors, environment, government
	2.13. Employing young people	2.30. Support education	2.47. Support health	2.64. The practice is not mature yet even from the specialists
	2.14. Maintaining marine wildlife	2.31. Support the learning of disabled people(rehabilitation)(health problems)	2.48. Strengthening the relationships among employees	2.65. Efficient engagement is an aim
	2.15. Rationalizing the usage of the power	2.32. Training and sponsoring (employees' approach)	2.49. The need drives the type and time of participation	2.66. Creativity is an aim
	2.16. To society	2.33. Exhibitions and conferences	2.50. Contribute to improve life style of the community	
	2.17. To employees	2.34. Urgent events(disasters)	2.51. Practice more than disclosure (Gap between implementation and reporting)	

Table 4.5: CSR Reporting open codes

Open Category	Open codes	Open codes	Open codes	Open codes
CSR Reporting	3.1. External reports	3.19. Applying cost-benefit	3.37. CSR information can be formal -pre-prepared form	3.55. Several departments prepare the report (mainly PR)
	3.2. Part of the annual report	3.20. Social media reflects public interest	3.38. CSR information can be formal and accountable	3.56. Emails is a type of disclosure
	3.3. Sort of sustainability (what it is like)	3.21. The type of the company effects the disclosure	3.39. CSR reporting on the way to obligatory	3.57. Disclose to disseminate
	3.4. Financial and nonfinancial (the information in the reports)	3.22. In limited liability companies only, non-financial information is published.	3.40. Publishing in social media is not costly and effective	3.58. Disclose to enhance loyalty
	3.5. Report to GPCA	3.23. Reports can be published quarterly	3.41. No guidelines yet	3.59. Disclose to cooperate with other entities
	3.6. Plan for GRI and IRI (future perspectives)	3.24. CSR information can be part of the main report of the company	3.42. CSR information can be reported to the board	3.60. Gap between practice and disclosure
	3.7. Controlled by CMA and Ministry of Petroleum	3.25. CSR information can be reported on the company's website	3.43. CSR information can be reported to customers	3.61. Detailed report subject to request
	3.8. Disclosure up to regulation and the company	3.26. CSR information can be reported in national journals	3.44. Disclosure to semi government companies ex. SABIC, ARAMCO	3.67. No focus on reporting
	3.9. Report on water consumption and electricity	3.27. CSR information can be reported in our newsletter	3.45. Disclosure to governmental bodies	3.68. A plan for a stand-alone report
	3.10. Shareholders and investors are main audience	3.28. CSR information can be reported on Internal screens and Bulletin	3.46. To staff	3.69. Disclosure is restricted by the type of partnerships
	3.11. Job seekers are the secondary audience	3.29. CSR information can be reported in social media	3.47. To investors, suppliers and contractors.	3.70. No disclosure for negative impact on the environmental and/or the employees

Open Category	Open codes	Open codes	Open codes	Open codes
	3.12. Some governmental bodies are a secondary audience	3.30. CSR information can be reported and announced in the annual gathering	3.48. Doesn't reflect the society needs	3.71. Transparency is not rigorous
	3.13. Public are not interested	3.31. CSR information can be reported to any interested ones	3.49. CSR information can be reported in the financial report as "donations"	3.72. Disclosure is selective
	3.14. No suitable reports models (published)	3.32. CSR information can be reported to employees	3.50. No dedicated unit for disclosure	3.73. Performance evaluation methods are not mature
	3.15. Limited accessibility to others' reports	3.33. CSR information can be formal and informal	3.51. G4 for sustainability	3.74. Part of the annual report
	3.16. Limited accessibility to relevant information	3.34. CSR information can be formal-periodical	3.52. Disclosure goes beyond reports (might include word of mouth)	3.75. Public is not very interested
	3.17. The comparison is un-applicable	3.35. CSR information can be formal-detailed financial and non-financial	3.53. The 'review analysis' to update the programmes	3.76. Materiality
	3.18. International guidelines are not applicable	3.36. CSR information can be formal in a standalone report	3.54. Brochures as a type of disclosure	3.77. Disclose to marketing and encourage imitating

Table 4.6: Open codes of the process of implementing CSR inside the company (and administrative issues)

Open Category	Open codes	Open codes	Open codes	Open codes
The process of implementing CSR inside the company (and administrative issues)	4.1. Cross-functional committee	4.6. Fifth, forming the committee (top level)	4.11. Committees at the headquarters	4.16. Feedback is not available
	4.2. First, Plan but generally	4.7. Two meetings every year	4.12. A CSR representative in every country	4.17. Observation is a starting point
	4.3. Second, Board of directors who plan	4.8. No dedicated CSR unit	4.13. Meet and exchange and learn (information source)	4.18. Annual plan

Open Category	Open codes	Open codes	Open codes	Open codes
	4.4. Third, Confirmation	4.9. Part of Marketing and PR departments	4.14. The committee is rotating	
	4.5. fourth, fund	4.10. Planning depends on “stakeholders’ analysis”	4.15. Decentralized approach is more effective	

Table 4.7: Regulation open codes

Open Category	Open codes	Open codes	Open codes	Open codes
Regulation	5.1 Some of ISO 26000	5.9. Government encourages	5.17. Governmental tendency to accountability (future)	5.25. One size doesn’t fit all (we want to be agile)
	5.2. ISO allows us to speak others' language	5.10. CSR and regulation are contradictory	5.18. Governmental tendency to rationalize expenditure (future)	5.26. No, for mandating CSR in the national companies
	5.3. ISO 26000 is not fully applicable	5.11. CSR has to be voluntary	5.19. 20. Government tendency to clear KPIs (future)	5.27. Yes, for some mandating CSR in the foreign companies
	5.4. ISO consumes time	5.12. Against mandating	5.20. Seek to international recognition. (future)	5.28. International standards are for external use
	5.5. ISO 2600 is not very known (due to weak education)	5.13. Voluntarism provides better CSR quality and commitment	5.21. United Nations Global compact is used by some companies	5.29. Our own standards (adapted from and developed by Aramco)
	5.6. GRI is not in the agenda	5.14. Mandating might have a negative impact	5.22. No specific standards	5.30. Exchangeable benefits between the government and companies
	5.7. CAMA	5.15. Mandating with good education and a high quality CSR system would lead to successful mandating	5.23. Obligation leads to equality	5.31. If the Government encourages, better CSR practices will be obtained
	5.8. Independent groups push towards CSR	5.16. CSR policies, standards and accounting are all developed internally	5.24. External agent of CSR uses GRI	

Table 4.8: Change open codes

Open Category	Open codes	Open codes	Open codes	Open codes
Change	6.1. 2011 started	6.5. After 2011 separate department for CSR	6.9. CSR practices is self-developed by Saudi companies	6.13. Now, no specific structure for CSR process
	6.2. 2013 steering committee	6.6. Slight change in the number of beneficiaries	6.10. In 2008 CSR tended to be more organised	
	6.3. Later/gradually sustainability	6.7. Slight change in the targeted beneficiaries	6.11. In 2014 CSR programmes were transferred to external specialised bodies	
	6.4. After 2011, a new function for CSR with a new fund, policies, procedures and values	6.8. Creativity is an aim	6.12. 2003 is a start point for CSR	

Table 4.9: Benchmarking open codes

Open Category	Open codes	Open codes	Open codes	Open codes
Benchmarking	7.1 The Gulf Petrochemicals and Chemicals Association (GPCA)	7.2. The state-owned oil company (Aramco)	7.3. Peer companies	7.4. Some international companies

4.7 Summary of the Findings of the Open Coding Stage

The open coding analysis of this research is intended to create a preliminary picture for CSR and CSR Reporting in the context of Saudi Arabia. The analysis started with investigating the data in order to generate as much as possible descriptive open codes for all the transcripts as they flow. The coding process evolved systematically by examining the data first line by line thus, numerous descriptive codes emerged. The open codes were then closely examined, summarised and initially categorised. The process resulted in three main categories: CSR

perception, CSR implementation and CSR Reporting. Another four secondary categories were created: CSR implementation process, CSR regulations, Change and CSR benchmarking.

In Saudi companies the data showed that reasonable importance is given to the concept of CSR with different incentives and meanings. At large, CSR implementation and CSR initiatives are similar among Saudi companies, including approaches such as serving society, contributing to education and health, supporting employment and employees and protecting the environment. However, it seems that there is no rigorous CSR strategy, nor is there clear performance measurement.

CSR Reporting by Saudi companies is less important than CSR implementation and gains less attention. Reporting, generally, is not detailed, qualitative and appears as part of the annual reports and in many times on the company's website. Shareholders are the main stakeholders for CSR Reporting and Saudi companies aim mainly to comply with regulations and to communicate their CSR activities.

The process of implementing and reporting on CSR activities is mostly executed by a cross-functional committee rather than a dedicated department. Therefore, planning for CSR mostly passes through arbitrary efforts however, on a high level of managers.

Despite many practice challenges, Saudi firms advocate the use of ISO 26000 - or at least part of it-in implementing CSR. ` and develop their preferable way for disclosing their CSR activities. However, Saudi companies comply with national regulations for example GPCA, and SAMA and many CSR policies are self-developed. It seems that there is a growing interest either from the government or from independent groups which started to be recognized by companies. A notable point related to regulation is that the participants strongly believe that mandating CSR will not enhance CSR practices as the quality of the activities are subject to the level of companies' commitment towards CSR. However, some informants suggest mandating CSR, but on non-Saudi companies in order to ensure their contribution to Saudi society.

The years 2008, 2011 and 2014 showed that there was a positive change in the development of CSR among the studied companies. The changes include assigning funds, dedicating a CSR committee, creating new policies and expanding CSR programmes. In 2014, the Saudi market witnessed an emergence of specialised businesses in providing consultancy services in CSR, and thus some Petrochemical and Energy companies have considered benefiting from their services.

In the absence of national CSR standards, Saudi companies benchmark their practices to GPCA -especially for environmental issues- and to Aramco, peer companies and some international companies for CSR activities and CSR Reporting.

4.8 Conclusion

The Chapter dealt with a discussion of the first stage of the analysis which consists of three main stages. That is the open coding stage. The discussion was preceded with a full description of how the data was collected, from where it was collected, and the rationale behind the sample selection. A great deal of the chapter is devoted to explaining and demonstrating the findings of this stage, which are illustrated in the tables (4.3, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9) (see also the appendix 2 for the open codes enhanced and evidenced with the interviewees' quotes).

The data was collected from the Saudi energy and petrochemical industry, publicly listed and non-listed companies. The personnel chosen to participate in the research were those with direct CSR involvement, and at the same time empowered to make decisions. Most of them were leaders or managers. The semi-structured interview method was used for collecting the data which was conducted and completed through three rounds over 18 months. The Saudi energy and petrochemical industry was selected because it is considered the most representative industry in the Saudi economy in terms of CSR information and one of the strongest industries in the country. Therefore, the chapter provided a background on the chosen industry highlighting its importance, its characteristics, and its structure.

The CSR information published by the listed petrochemical and energy companies, which is available in the public domain, was reviewed and analysed prior to conducting the interviews in order to offer more rigidity to the analysis, to give an initial overview and to build the five pre-interviews' themes. The data collected in the first round, which was analysed line by line, yielded numerous codes (299 codes) which were then categorised into three main concepts (CSR perception, CSR implementation and CSR reporting) and four secondary concepts (process, regulations, change and benchmarking (see diagram 4.1).

It is found from this initial analysis (the open coding analysis stage) that there is a growing interest in the concept of CSR and there is also different incentives and meanings attached to it. At large, CSR is implemented by the Saudi companies in areas such as contributing to the health sector or supporting employees in addition to protecting the environment. Little attention

is paid to CSR reporting; therefore, it lacks detail and it is arbitrarily-practiced. The process was applied to undertake the activities and the reporting accomplished through a committee rather than a dedicated department. Very few Saudi companies use the international GRI guideline for CSRR and in general they develop their own reporting policies and comply with national regulations such as GPCA. The findings at this stage also showed that the Saudi managers are aware of many challenges that might hinder the CSR advancement.

The next chapter will discuss the second stage in the data analysis, which is the axial coding where further interviews and further investigation into the codes will be applied in order to answer the first research question.

Chapter 5

Axial Coding Stage: A Full Picture of CSR and CSRR in the Saudi Context

5.0 Introduction

Built on the findings of the previous chapter (the open coding), this chapter continues the analysis moving to the second stage (the axial coding). The axial coding seeks to reassemble the data in order to establish connections between various categories in order to draw a detailed picture for the CSR practices by the Saudi companies.

The chapter, first in section (5.1), introduces a general explanation about the axial coding analysis and how it is linked to the open coding findings. Second, in section (5.2) it gives a description on how the axial coding analysis was processed and what technique is used to develop the new categories and their sub-categories. Then, it is followed (in section 5.3) with the core of the chapter which is the findings of the analysis showing a detailed picture of the reality of CSR Perception, CSR implementation and CSR Reporting. The results also, are presented in diagrams to facilitate pursuing the discussion. The section (5.4) reports on the results of the axial coding analysis and discusses the perspectives which arose from the findings. The chapter ended with a conclusion in the section (5.5).

5.1 Briefing about Axial Coding Analysis and Findings

According to Strauss and Corbin (1990), the axial coding is “a set of procedures whereby data are put back together in new ways after open coding, by making connections between categories. This is done by utilizing a coding paradigm involving conditions, context, action / interactional strategies and consequences” (p.96). Thus, by reassembling the un-fully organised data that were in the open coding and by identifying the connections between categories it is assumed to “form more precise and complete explanation about the phenomenon” (Strauss and Corbin, 1998, p. 124).

Therefore, reviewing and developing the analysis between the different stages is an inseparable process as grounded theory entails continuous and iterative data investigation.

Thus, after identifying the seven open categories in chapter 4 with their related open codes, the data analysis was then levelled up by examining the open codes of each category in order to

find the differences and the similarities among them in an attempt to concentrate the data into more representative codes. In an iterative investigation, this process yielded the most 138 representative codes from the initial 299 open codes were elected by keeping some codes and by merging the similar ones into one. All the open concepts and their related codes were then entered into further investigations as will be discussed in the following sections. This stage of the analysis- the axial coding- is an ongoing process (Straus and Corbin ,1992) that involves explanations to the data through both the actual words of the informants and the researcher's conceptualization of the informant's words (Strauss and Corbin 2008).

In axial coding, as Corbin and Strauss (1990) stated, “categories are related to their sub-categories, and the relationships tested against data. Also, further development of categories takes place and one continues to look for indications of them.” (p.13). Thus, an additional level of distillation was applied based on both the findings of the open coding analysis and on additional interviews that were conducted in a continuous process. Some of the new interviewees were chosen from consultancy firms who are specialised in providing CSR consultations and services to different companies. The reason for redirecting the data collection outside the companies was for three reasons; first, because that the data that have been collected in the first stage has reached a level of saturation so there was not much new data which can be gained from the point of view of the companies. Second, to confirm and to validate the findings of the first stage. Third, to involve a point of view of a specialist who has an experience not only with one company but also with different companies and with who can see the issue from outside.

With the research questions in mind and during the axial coding analysis, several subcategories were developed and many proposed relationships were deductively created however, kept “provisional until verified repeatedly against incoming data.” (Corbin and Strauss, 1990, p.13). The process of developing the categories and their subcategories was applied concurrently with open coding where the difference was on the focus. For example, while part of the focus in open coding was on understanding what CSR as a concept means to the informants, the focus in the axial coding was redirected to understand the aim of the CSR concept, its definition, the challenges it faces and the future perspective. The reason for emerging the new subcategories was the various types of CSR understanding among the participants that have been picked through the open coding analysis stage. Also, throughout the process of developing the categories and their subcategories many relationships appeared but were held provisionally until confirmed and verified. For example, an initial causal relationship appeared between

designated budget and reporting, however proceeding the analysis against the data proved that budget is not a cause and does not constrain appropriate CSRR.

The axial coding analysis resulted in two very important findings. First, it sheds light on the reality of CSRR in a Saudi context by giving details on how CSR is perceived, how CSR is implemented and then how CSR is reported. In CSRR literature, these three principal concepts (Perception, Implementation and Reporting) are rarely explicitly discussed, detailed and portrayed together in one portrait. The findings of the axial coding stage of this study, dissecting each concept mainly into- but not limited to- three categories; considerations, features and challenges. More importantly, an additional category (framework) related to the implementation and the reporting was created to give clearer picture to the whole concepts, as we will see in the next sections. Therefore, the first research question which seeks to explore the managerial perspectives of the practices of CSRR in the Saudi context was answered.

Second, obtaining a clear picture about the CSRR reality led to build an infrastructure to anticipate the next analysis stage (selective coding) which will be discussed in the next chapter.

5.2 Axial Coding Stage: Process Description

With an extra investigation into the similarities and the differences within the 299 open codes emerged in the open coding stage, in addition to analysing new data coming from new interviews, further relationships were initiated. This led to a process of reforming the open categories and developing new sub-categories for further elucidation.

The interview's questions in the second phase aimed to gain better clarification especially for reporting in terms of what features it has, who is targeted and why it is undertaken. Questions such as "Saudi companies perceive CSR as an important notion (seen in their core values or in the visions and mentioned by many of CSR representatives in Saudi companies), in your opinion, does reporting gain similar importance, how important is it, why, why not?" highlighted to what extent CSRR is embedded in the company and how important it is. A question about the substances that are most likely to be reported shed light on the content of the reports and the extent of transparency. In order to identify the company's stakeholders and then to connect this with how CSR is perceived and implemented, a question about to whom CSR information is mainly disclosed was raised. Some other questions concentrate on Saudi

context (e.g. culture, religion and economic status) and on the reasons behind reporting were intended to clarify what drives reporting and what shapes that reporting.

The new data enriched the old data where in effect, the analysis, gradually, began to show many features for CSR giving clearer picture. The intention at this stage was to reach to an answer for the first question of this study that concerns the range and the agenda of CSRR by Saudi companies. The findings of the previous stage (open coding) facilitated the analysis of the axial coding stage by framing many areas of concern and in drawing my attention towards the importance of further classification. Examining the new data in conjunction with the open codes led to; firstly, identify many similarities, differences and interrelationships within the open codes. Secondly, to develop a design that is able to describe the reality of CSR practices based on that the full picture of CSR practices must encompass three cornerstones (perception, implementation and reporting). Thirdly, re-categorise and sub-categorise the codes/propositions to serve that design.

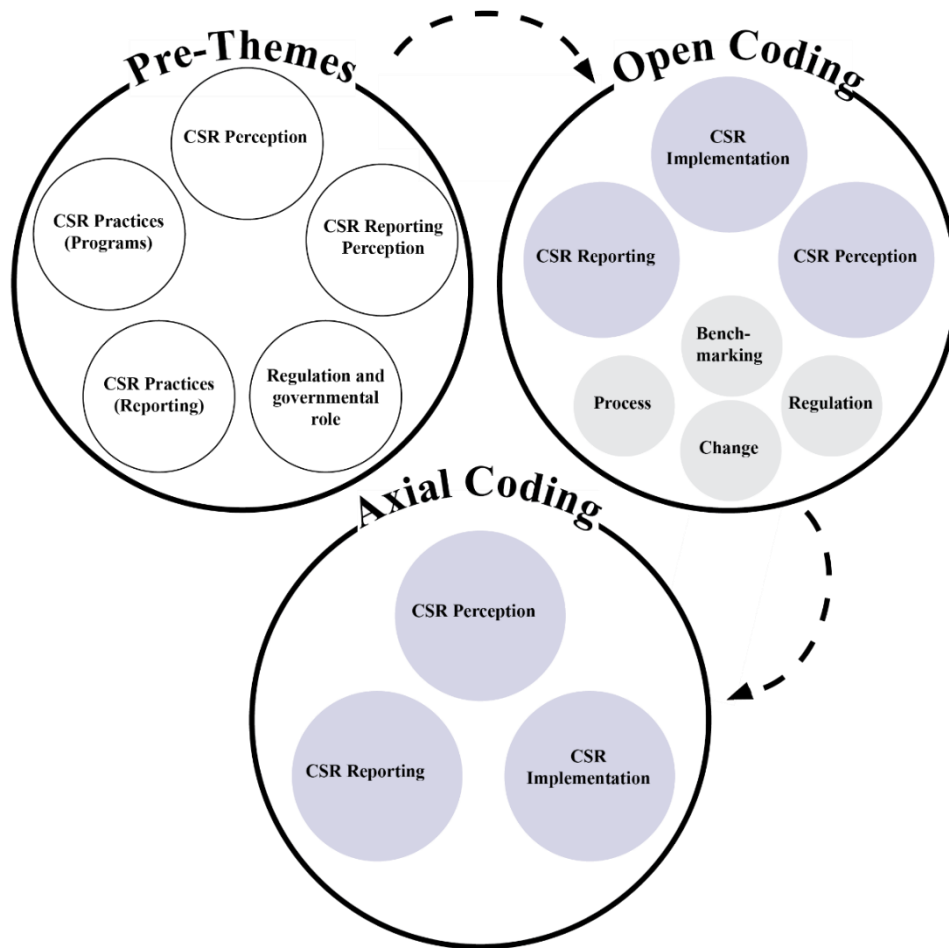
As shown in the previous chapter the analysis of the open coding stage resulted in three main categories: CSR Perception, CSR Implementation and CSRR along with four secondary categories; Process, Regulation, Change and Benchmarking. By applying iterative examination into these open codes and their related categories, the three main open categories/concepts remained for their importance while the four secondary categories were merged and distributed over the three main ones (see diagram 5.1). Accordingly, the analysis of this axial coding stage yielded sixteen categories (see diagram 5.2) with their sub-categories and their propositions depicting the most likely logical sequence of scattered data (illustrated in detail in the diagrams (5.3, 5.4 and 5.5).

The reason behind keeping the three main concepts was not only because of their apparent importance as confirmed by the big volume of the available data but also, because the necessity to understand how CSR is perceived and also how it is implemented in order to understand how it is reported.

The diagrams (5.3, 5.4, 5.5) show how all the codes that are related to either CSR perception, CSR Implementation or CSRR were reassembled, interrelated, and then categorised and sub-categorised if needed. The group of the codes under each category displays the key characteristics of that category based on the available data and aims to give the best description to that group. To explain this, for example, it was not enough to only introduce a general Saudi understanding to CSR Perception (diagram 5.3) as this may prevent the analysis from gaining

further depth and explanation. Thus, CSR perception is presented with six main categories namely; aims and incentives, definition, considerations, features, challenges and prospective views. Each category is also characterised with specific codes/propositions that provide as much detail as the data allowed. For example, when the informants were providing their information about CSR as a concept, they, in different places, referred to issues like image, reputation, recognition, competitiveness, citizenship, contribution to country's development, religion and culture. These were then grouped to reflect the aims and the incentives of CSR as seen by the informants. The same explanation extends to the definition of CSR, where the informants confirmed the linkage between CSR and sustainability in some places and to philanthropy, social services, sense of responsibility and to pay back (from and to the company) in other places. A similar technique is used for the other fourteen categories of the three concepts, as is shown in the diagrams (5.3, 5.4 and 5.5). However, further clarification will be presented in a following section along with the quotes that were used as a basis for the analysis.

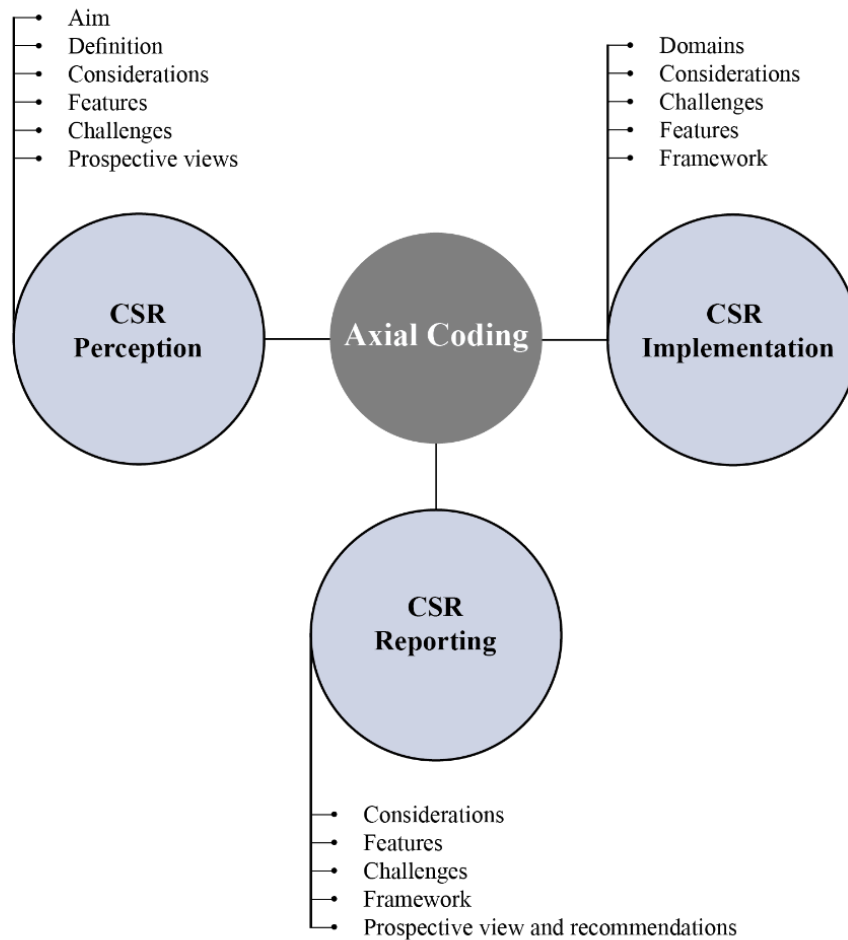
In this stage of axial coding where the relationships between categories and their propositions are identified a complete explanation to the core phenomenon (Strauss and Corbin 1998) is targeted. Thus, by the end of the current dissection analysis a complete explanation and a clear detailed picture of CSRR along with the other related concepts is achieved. Structuring the codes (diagrams 5.1, 5.2 and 5.3) into three concepts, sixteen categories, subcategories and propositions helped in understanding not only the reality of CSRR but also the reality of CSR implementation and CSR perception by Saudi Petrochemical and energy companies. Also, this helped in laying out the foundation to develop a theory that is grounded in the data to explain why companies undertake- or not - CSR reporting. It deserves mentioning that the data analysis has been allowed to attain some harmony among the three concepts when organising their categories. For instance, we will find the categories that are labelled with 'considerations', 'features' and 'challenges' are located under CSR Perception, CSR Implementation and CSR Reporting. The 'framework' category is located under CSR Implementation and CSR Reporting. It was an attempt to offer a better resolution as well as to allow for any comparisons when needed.

Diagram 5.1: Analysis stages (from pre-themes to open coding to Axial coding)

5.3 Axial Coding Stage: Findings

The previous sections provided an encapsulated description about the process and the findings of the axial coding stage. This section presents the findings in detail supported by the informants' contributions in this regard. The description starts with a summary of the findings illustrated in the diagram (5.2) where it includes the three concepts (CSR Perception, CSR Implementation and CSR Reporting) along with their categories. Followed by detailed textual description for each concept. Therefore, all the categories, sub-categories and propositions are listed and accompanied with the relevant quotes. At the end of this section, all the findings are visually illustrated in the diagrams (5.3, 5.4, 5.5) to help in following the analysis. Afterwards, the findings will be summarised and discussed.

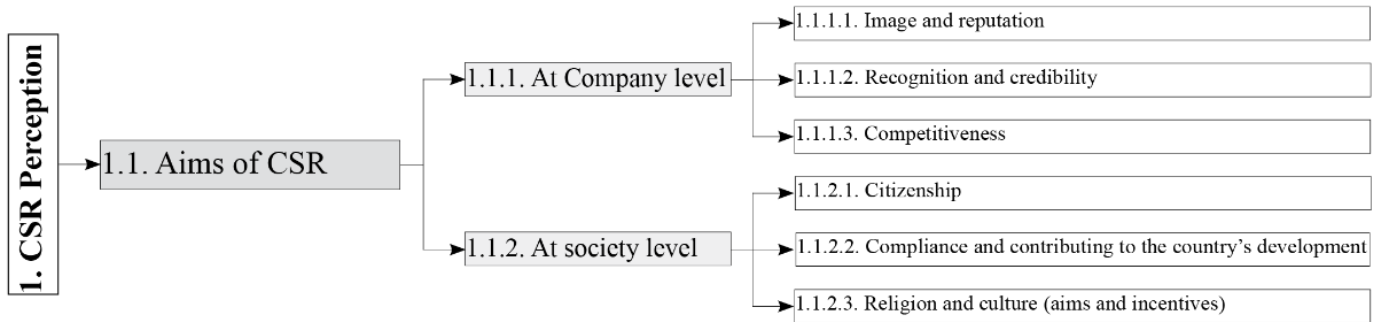
Diagram 5.2: Axial coding findings / concepts and categories



5.3.1 CSR Perception

5.3.1.1 CSR Perception: Aims of CSR

Even though defining a clear and certain aim for the CSR concept was not easy for the informants, I was able to extract different aims for adopting CSR as a concept within the companies. While the informants pointed out six aims, they were at many times trying to stress that they only do it for their belief in responsibility. An investigation into these aims shows that they can be classified into two groups; a group related to the benefit of the company or at the level of the company and the other is related to the benefit of the society or at the level of society.



5.3.1.1.1 CSR Aims: At company level

1. Image and reputation

Enhancing the company's image or its reputation is one of the main aims when adopting CSR within a company. However, image, reputation, branding and marketing are always interrelated and appear in the data at the top of the list of aims. This aim, in addition to other aims, shows the importance of CSR as a business case and can be used to the company's advantage.

Following are some of informants' insights in this regard:

"...it's [CSR] important for branding the company, for the reputation of the company ... Then there is always a balance." P10

"You can see that a lot of companies are now involved in sustainable development projects to improve their image in society. This can also be seen in other sectors." P6

"I believe it [CSR activities] mainly stems from companies because it affects many factors within the company like competitiveness, reputation, the name of the company in the market, etc." P5

2. Recognition and credibility

Being recognized, accepted and acknowledged by Saudi society, as well as enjoying a certain level of credibility, are also aims for CSR. The positive impact of the recognition and the credibility are not expected to be achieved only at the national level but globally as well.

Following are some informants' contributions:

"...and we need to make these people accept us; we need them to recognize us and when we show them that we take our responsibility seriously, then we protect our credibility, so we need to become partners in development.." P8

“...it is part of the quality management system. We are part of the responsible management. This responsible care is completely part of our view. It addresses, among other things, the environmental path ... it provides more recognition from an international point of view, and from a different multi-sector point of view. It gives more credibility. There are global initiatives all over the world, and we are part of that. We are signatories of this responsible care.” P10

“There is an obvious relationship between the CSR reporting and credibility.” P14

3. Competitiveness:

One aim of adopting the CSR concept is enhancing the competitiveness of the company. This implies that CSR is a criterion that can be used to compare companies and therefore enhances their ability to compete successfully.

“...it serves mainly our competitiveness.” P4

“I believe it mainly stems from companies because it affects many factors in the company like competitiveness, reputation, ...etc.” P5

5.3.1.1.2 CSR Aims: At society level

1. Citizenship

On the other hand, at society level, citizenship, contribution to the development of the country, and religious, cultural and ethical incentives are other aims.

Citizenship and CSR are commonly interrelated in the data. In one of the informants' companies CSR is seen as a main element of citizenship, which is one of the company's values. This can be an indication of the level of the integration of the company within society.

“In our perception, CSR is part of the [company's] strategy of Citizenship ... we deeply want to serve society....” P3

“...this is because the company wants to[...] fulfil our responsibility as citizens. [the company] has five core values, one of which is Citizenship, and CSR is its function.” P1

2. Compliance and contributing to the country's development

It appears that the companies are aware of their position and their responsibility in relation to the country's development. The companies are able to define the CSR approaches that are linked to the development plans and to apply these within their operations. Saudization, for example, is at the top of a long list of development requirements, so the companies need to address this. The participation of women, supporting small and medium enterprises, increasing

the rate of employment and reducing the dependency on oil, are all objectives for the country and need to be considered when undertaking CSR.

“... we need to contribute to the development of the region where we are. The strategy of CSR should take into consideration the strategy of the country itself. When the country say, "Okay, we need to support the employment, the Saudization, or the development of small and medium enterprise, to reduce the oil dependency, women participating... are examples of governmental objectives, I am sure that you know 2030 vision and the plans before that... we have to not only to be aware of all that but to be involved in it.” P10

3.Considering Religion and culture

It was difficult to discuss social concepts without referring or at least linking them to Islam, the religion of SA, during the interviews. Evidence from the participants shows that CSR is always based on and encouraged by Islamic principles. Some informants elaborated that the essence and the meaning of CSR is basically a religious concept and has existed for a very long time, and only the term “CSR” is new. Thus, when Saudi companies adopt CSR they aim to apply the teachings of Islam and see this as an incentive for carrying out CSR. Many Islamic teachings can be related to CSR for instance collaboration, giving and charity (*Sadaqah*) helping each other, honesty, transparency, etc.

Promoting Saudi culture is another aim, and at the same time an incentive, particularly because Saudi culture is rooted deeply in Islam. The CSR organization’s behaviour aims to be conformable with all the accepted cultural manifestations, especially those related to social organization, social institutions, literature and the position of women. For example, many of the targeted companies have mentioned that some of their CSR programmes aim to develop the knowledge and skills of young students, but then I realized that these are all directed at male students. This is because it is not easy for them to provide these programmes for female students.

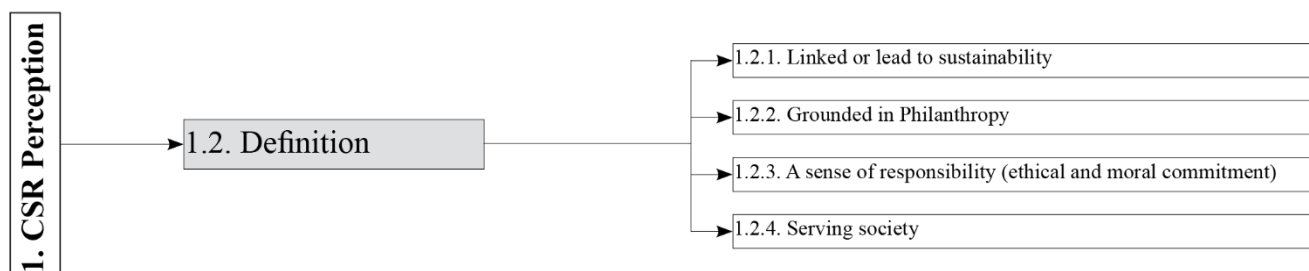
“In the western capitalism conception, the final goal is profitability so they direct all their CSR activities to achieve this goal while in Saudi Arabia the motivation is ethical.” P15

“Every society has its own culture and characteristics.... The motivation for work in the West, is not " work for the sake of God", but we have such a concept. In the West, those who perform charitable actions .. shall have "de-taxation". We do not have such system. But still businessmen and businesswomen donate for the sake of God. The relation with the creator is important in the Saudi and the Islamic society. This is very rare in other societies, In addition to the Zahat pillar, People and companies donate with free will. They just seek reward of Allah. A lot of them do not have even PR, and nobody knows about them. On the contrary, there are very large companies that enjoy benefits from the government in billions, but never donated

one Riyal; these are the international companies, and banks, except few.... This might have produced the culture of helping others, charitable and social works. I consider this as a special character of the Saudi society.” P18

5.3.1.2 CSR Perception: CSR definition

It was not easy for the informants to provide a clear definition of CSR, so alternative meanings arose during the interviews. Therefore, CSR in Saudi companies is perceived differently among the informants. While it is seen as another synonym to or strongly linked to sustainability by some informants, it also incorporates some other meanings: philanthropy, a sense of responsibility, and developing social services such as health.



5.3.1.2 CSR Perception: CSR definition

1. Linked or lead to sustainability

Sustainability is a concept that is currently targeted by some Saudi companies. For some, this is seen as the same as CSR while others consider it to be an advanced concept of CSR.

“In the beginning it was the CSR steering committee, but we renamed it sustainability because the debate is still there ...we have, like everywhere, this semantic debate about the name of CSR and sustainability and all that. Probably, the idea is to move away from CSR to sustainability, but at the end of the day, we are covering the same, and we have almost the same approach for this ... Progressively we are trained to move to sustainability. Then our region for sure. It's covering the three P's of sustainability: People, planet, and profit.” P10

“So the strategic goals that we developed including CSR are aligned with the international standards of sustainability as well as the international goals of sustainability.” P3

“I believe there is a very strong relation between the two concepts [sustainability and CSR]; we cannot separate them from each other. I think they are one concept in the end.” P6

2. Grounded in philanthropy

Most of the informants find that understanding CSR concepts is grounded in a philanthropic perspective, which includes making charitable donations.

“... Also, CSR in Saudi Arabia is much related to charity ... What we can call corporate philanthropy. Then this is a very important perception and understanding for many people in the company and outside the company. CSR has mainly this meaning for them. ..., but it's not the only one.” P10

“...the concept is still limited to donations and sponsorship only ... The company sets a list of charitable organizations and sends to them a specific amount of money. ... the board members still believe that the corporate social responsibility concept means just donating to charitable organizations.” P5

3. A sense of responsibility (ethical and moral commitment)

CSR is seen as an ethical or moral concept and is practiced with a sense of responsibility towards society and the environment. This meaning shed light on how these organizations expand their responsibilities beyond their shareholders.

“We are not obligated to do these things ... however in some markets we are obliged to do certain things, for example, localization, to make new industry in the country ... but in general, most things we do ... we do it as a sense of responsibility and comply with our mission regarding sustainability... our projects last for long time (20 – 25 years); you cannot be there for more than 20 years and not be part of the community.” P8

“From my point of view, it reflects the company's or the individuals' feeling of responsibility towards society. This is my personal point of view... the essential factor in the meaning of CSR is the feeling or the (sense) of responsibility.” P3

4. Serving Society

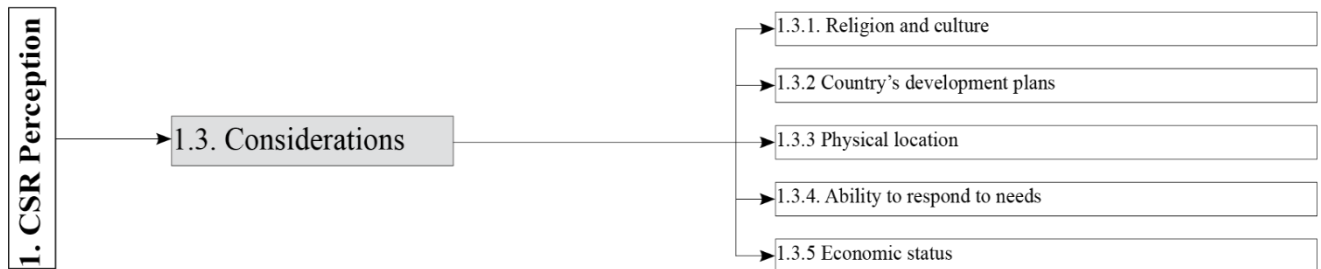
Some of the informants restricted the meaning of CSR to just serving society and providing financial or nonfinancial support, but not including the environment or employees.

*“CSR, unfortunately, is seen as only to serve society not social responsibility... **Aramco** ...for ex. is used to practice the concept of CSR, now the serving society is the application of the CSR concept.” P15*

5.3.1.3 CSR Perception: Considerations

On different occasions, the informants identified some factors that are important to be taken into consideration when discussing CSR as a concept. As well as religion and culture, government plans — especially Saudization — all, are seen as important considerations for

CSR, add to that the physical location of the company, the ability to respond to need, and the economic status of the country.



5.3.1.3 CSR Perception: Considerations

1. Religion and culture

“...CSR digs deep in our Islamic societies, where our religious beliefs drive our responsible behaviour ... our CSR activities translate this attitude ...for example, we have some seasonal small programmes such as those in Ramadan where we try to be there to support and to help the community ... also, to improve or refurbish some Mosques. It is a mutual relationship.” P1

“We have to be completely aware of the culture of the place we are in, and for sure, all the initiatives and the campaigns we are doing even from a local point of view, but more generally from a national point of view, sure. It must take the culture into consideration.” P10

“Even when we are talking about corporate philanthropy, it has the name of (Sadeka) here in Islamic culture ... We are doing corporate philanthropy without naming it corporate philanthropy. ... In Saudi Arabia, and I assume in Muslim countries or Islamic countries, this is a very important part of CSR or sustainability, or at least it's mixed and it's embedded in it.” if you agree with me.” P10

“...some companies do it for religious reasons... I believe that our religion is the basis of our Social Responsibility” P6

“The point that we have to validate here is that we have to match the prevailing culture with CSR strategies and practices.” P8

“Our culture is CSR culture but, unfortunately, we believe in something and then we practice something different or maybe sometimes the opposite.

..the ISO 26000 three elements fit well in our culture: the Islamic management, the Islamic economy and the social justice in Islam.” P15

2. Country's development plans

“[the company] works, always, in line with any governmental plans, paying attention to the surroundings: employees, community and the environment. For example, [the company] has developed an outstanding programme that involves participating in social and educational activities to promote the young generation and support them in many ways. It is part of our citizenship vision and will enhance the plans of the country.” P3

“...we need to contribute to the development of the region where we are. The CSR should take into consideration the strategy of the country itself... I am sure that you know about the 2030 vision and the plans before that ... we have to not only be aware of all that but be involved in it.” P3

“2030 vision is divided into three main sections: An Ambitious Nation, A Thriving Economy and A Vibrant Society, so we start to see an acknowledgement to issues like volunteering, home ownership, out of school and out of curriculum activities, etc. The government is starting to have a role. Before, we did not see any such role. The government were not business enablers, they were just viewers and not even encouraging. Now the situation is different. Things are developing toward the better. There is interference in CSR reporting. Now there are governmental activities that we wished to exist long time ago. But, it is never too late, and things are developing in the right direction.” P18

3. Physical location

The location of the company is one of the considerations that may shape approaches to CSR. Where the environment is important for the local community or wildlife, there will be more focus on protecting or maintaining the environment to ensure company sustainability in that area. Where poverty is widespread in a region, the charity concept of CSR will dominate.

“Geographically, our focus is on the area where [the company] works (Mecca, Yanbu, Jaddah and Medina, ... so we support the society influenced by our work.” P1

“.... We have many initiatives and action in this regard especially with our supplier. Also They are collaborating with us to develop the region to create more jobs. They opened their own branch in the area. This is an important aspect to us.”

5. Economic status

Economic status is another important aspect, as when there is economic prosperity there is less need for charitable CSR activities.

“Every place has different aspects. In Saudi, for ex. less people are in need for money... So, in Saudi Arabia, it is very easy to recognise that CSR activities are mainly focused on education and training.” P8

5.3.1.4 CSR Perception: Features

Many features of CSR perception arose when applying iterative analysis. These features were then grouped into “neutral features” (describing the situation only) and “negative features” (describing the negative side of the perception). Extracting the negative features sets the ground for deeper understanding of any challenges and helps to suggest recommendations.



5.3.1.4.1 CSR Perception: Features, neutral features

1. Different meanings for different people

The perception of CSR differs from one person to another, whether inside or outside of the company. The informants confirmed this on many occasions and related this to the fact that the term CSR is a recent addition to the vocabulary of its users in Saudi Arabia. However, the variation in understanding of what CSR is seems to be more about the components of the concept rather than the general conceptual meaning (platform).

“...then we have different levels of understanding of CSR within the company and outside the company... when you talk about CSR ... you have ten people, and ten people understand it differently and have their own view.” P10

“The term CSR in Saudi Arabia is relatively new, say about 10 yrs., and because it is in its beginning that’s why it is not clear to everyone, so different people define it in a different way. Of course, the definition differs from company to company and from sector to sector and accordingly the practice differs. However, the general framework is one and everyone has the same aim, the same mission and the same way.” P3

2. CSR is Important (controlled by top management)

Saudi companies deal with CSR at the top management level, which reflects its importance to the company. It is generally managed by a committee rather than a department. The personnel involved are at the top level of the main departments in the company, such as the HR manager, Finance manager, etc., and even the president and the vice president are involved in some companies.

“...we see CSR as fundamental...” P9

“The importance of this committee [the CSR committee] is reflected in its structure. It consists of the president of the company, 2 VPs, HR, the accounting (finance) department and our department (corporate affairs department), of which I am the manager and CSR is a section under it.” P1

“...the fact that the CSR department is supervised and supported by the top management shows how important CSR is in the company.” P3

3. Growing

All the informants agreed that there is increased awareness of CSR among companies and society; however, the level of awareness and understanding is not uniform. Media coverage also supports this finding.

“This is reflected in the growing number of CSR programmes, and the number of the people involved as well as most of the social media posts. I can confirm that more than 10% of it is about CSR.” P1

“...Not literally, but as I said the awareness of CSR is increasing.” P1

“...despite the high rate of failure in applying the right concept of CSR, CSR in Saudi Arabia is going forward, growing relatively quickly and one day it will be there.” P4

4. The focus on financial donations is declining

Recently, CSR in Saudi Arabia has shifted from being orientated towards charitable donations to a wider framework. Rather than merely make financial contributions, CSR activities increasingly include the provision of training and equipment.

“Before 2008, the application of CSR was limited to cash donations, but in 2008, the year of establishing our “CSR programme” inside the company, CSR occupied bigger space, so many CSR standards and policies were also established ... the way we see CSR has changed, so there are no more direct cash payments as donations ... but we apply our CSR objectives, vision and mission.” P3

“...the concept of donations are shrinking, and the process has many measurements compared to the situation in the past. As I said the concept has changed and it is no longer limited to donations to charitable organizations.” P5

5. Old concept with new name

CSR as a term is considered relatively new in Saudi society, as are ideas of how to apply it in an organised manner. However, the core CSR meaning of being responsible and not to cause harm has been rooted in human societies and religions for a very long time.

“...firstly, CSR with this specific term is a new concept to the whole world (not more than 10-12 years old). In the Saudi Arabian context (it is not more than 5-8 years old), I mean as organised CSR, but to be honest it was practised long before that time.” P1

“...CSR is relatively a new concept to our societies, but it has been applied for very long time ... from the era of the prophet Mohamad.” P3

6. Voluntary

CSR in Saudi Arabia is not regulated and the companies practice it on a voluntary basis. The impact of this voluntary stance is debatable and there are many groups pushing for government regulation.

“First of all, as CSR is voluntary, thus, it is optional.” P1

“I believe that the quality of and commitment to CSR under a voluntary basis will be better than if it is mandatory...This is because of the ‘voluntarism’, as when one decides to adopt it that means he will do it because he wants to.” P1

“I felt that some people or some groups want to push the government to regulate on the CSR, but I strongly believe that CSR has to be voluntary.” P10

7. A trend

The informants describe the emergence and application of CSR activities as an upward trend. This is due to the growing interest by government departments, official and unofficial bodies regarding CSR and the efforts made to encourage companies to adopt it.

“... I think it's a trend that the government supports.” P10

8. There is an early effort to embed the concept of CSR throughout the business structure

Some informants stated that CSR should be applied to all of a company's operations and not limited to external activities. This advanced understanding of CSR among these informants is due to a high level of CSR commitment and education. However, and as we will see later, the common understanding for CSR is that it is a type of responsibility that exists outside of day-to-day operations.

“...even in our main projects we involve CSR. Plus, CSR is part of our main strategic goals ... We have eight strategic goals, the last one is related to CSR and citizenship.” P1

“However, we play a great role in CSR area, not only in conserving the environment. The activities of every department in the company stress on the necessity of positive effect on the social life .” P7

9. Society perceives CSR as compulsory

While CSR in Saudi Arabia is voluntary for any company, members of Saudi society perceive CSR activities by the company as compulsory and these are expected to be continued. This societal expectation could be due to the different levels of awareness regarding CSR provision between the providers (the companies) and the beneficiaries (members of society).

“...unfortunately, once we start any CSR activity, community and society perceive these services as a compulsory matter especially the services that we focus on.” P4

10. CSR is something external to day-to-day operations

Many of the informants confirmed that a company's responsibility towards society is something extra or external to day-to-day operations. While this feature seems to contradict the feature above, wherein CSR is embedded in all the company's operations, this can be seen as a preliminary stage for a more comprehensive framework.

“... we deeply want to serve the society. We undertake work that is complementary to others' work.” P3

11. Influenced by type and size of the company

The size of a company influences CSR due to the various requirements for undertaking CSR activities. For example, a large company is likely to adopt the concept of CSR as well as to assign an appropriate budget, along with all the necessary resources to ensure effective CSR implementation. This type of the ownership also has a bearing on CSR. A family-owned company, for example, would be likely to focus on charitable donations, whereas a public company would be able to engage in a wider range of CSR activities. Furthermore, the nature of the business is also an influencing factor. For example, more petrochemical companies carry out CSR activities with a focus on environmental issues (due to the nature of their operations) than financial institutions.

“I don’t recommend imposing a percentage on profit in order to encourage companies to engage in CSR purposes as the essential factor in CSR is the feeling (sense) of responsibility. In addition, the fund, the efforts, and the facilities depend on the size of the company.” P3

“Companies differ in terms of the type; ex. joint stock companies or finance companies (banks) disclose their CSR information for the purpose of marketing and to attract the costumers, while others should not disclose any financial information like limited companies.” P3

5.3.1.4.2 CSR Perception: Features, negative features

1. Limited understanding and ambiguity

CSR as a concept is open to more than one interpretation. This inexactness is due to the variation in understanding found among informants that was mentioned above. Also, there is no consensus regarding whether a company’s CSR activities should be both external and internal. This sheds light on the instability of the concept. Therefore, there is a need for clearer definitions and an increase in CSR education to raise awareness of core meanings and components.

“Concerning work practices, you have Justice in competition for career opportunities, training opportunities, etc. All of these issues are applied now. The problem is how to introduce this to the staff as part of CSR. You are very close to this area and you might know that the concept is not that clear for many people, even for those who are considered specialists!” P5

“...But in Saudi Arabia, it takes time. It takes time in the company to let the people know about CSR, to know what it means ... What the acronym stands for: Corporate Social Responsibility.” P10

2. Gap between concept and implementation

Even though there is a variation in the understanding of CSR, it is apparent that companies recognize their responsibility at a conceptual level; however, the level of implementation does not reflect that understanding. As one of the informants stated, companies prefer to stay in their comfort zones as long as there is no pressure from society or external bodies.

“...they [practitioners] often do not realize that many of their tasks are part of CSR approach. So, there is a gap in the concept here.” P5

“CSR is well- understood by many companies, but they don’t practice it as required because of the low level of society’s CSR perception.” P14

3. A lack of CSR education

Some informants highlighted the importance of education to standardise CSR practice rather than depending on general knowledge or on company leaders’ personal interests. This point may explain the variation in understanding of CSR either by company personnel or society. Indeed, there is no official body specialising in CSR issues in Saudi Arabia and only scattered efforts regarding raising awareness of these issues.

“So, we can say that we have weak CSR education but we have wide CSR practices.... The weakness in practitioners’ education results in that we don’t adopt the international guidelines.” P1

“You know that CSR is practiced in Saudi Arabia by only interested people who are largely have just the interest but not the academic qualification. Currently, we are working on a project which aims to establish a “CSR Academy” where the main objective is to encourage and to qualify the applicants academically. However, this project will take long time to start so currently we only offer short courses called “CSR ambassadors” with the aim of spreading CSR.” P14

4. Arbitrary

The arbitrary nature of CSR in Saudi Arabia is a result of a lack of CSR education and the fact that such activities are voluntary.

“Talking about strategy in particular, in most companies, corporate social responsibility is arbitrary in Saudi Arabia, except for few companies who have some sort of maturity.” P5

“At the level of even the big names of the companies, their initiatives are not prepared on an actual study to the real needs. on other words, it is arbitrary.” P14

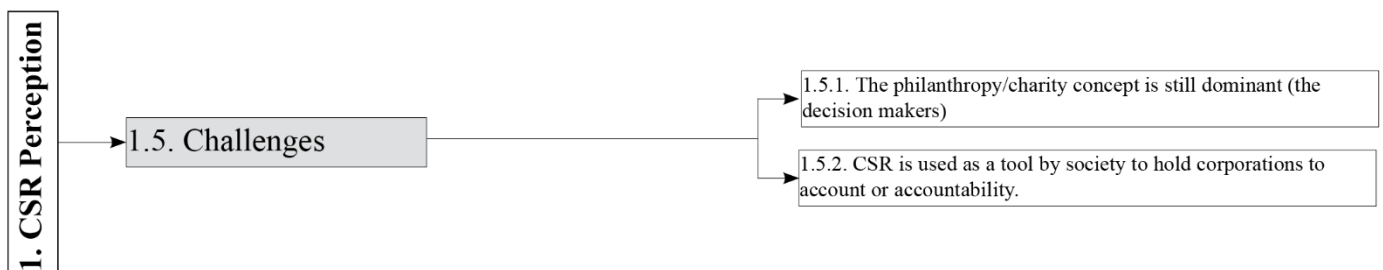
5. Not at the intended level

There is a consensus that CSR in Saudi Arabia is not at the desired level. This feature reflects the need for more development regarding CSR education and implementation by companies and wider society.

“I believe that social responsibility in the Kingdom is not yet up to the requested level. Take for example voluntary work, which is part of social responsibility, it is not common in our cultures. Also, the private sector is not playing a vital role in Social Responsibility, despite the huge profits they make, like banks.” P6

5.3.1.5 CSR Perception: Challenges

The informants highlighted, either explicitly or implicitly, two main challenges facing the CSR concept in Saudi Arabia. These are as follows:



5.3.1.5 CSR Perception: Challenges

1. The philanthropy/charity concept is still dominant

Even though the philanthropy concept is declining, it is still dominant. This is because decision makers traditionally see CSR in terms of charity donations. This default approach often does not allow more creative efforts and CSR implementation is restricted to limited applications.

“However, we are still suffering on the level of application. The main obstacle we face is that the board members still believe that the corporate social responsibility concept is just to donate to charitable organizations. This perception affects negatively on the application of international policies and guides” P5

2. CSR is used as a tool by society to hold companies to account

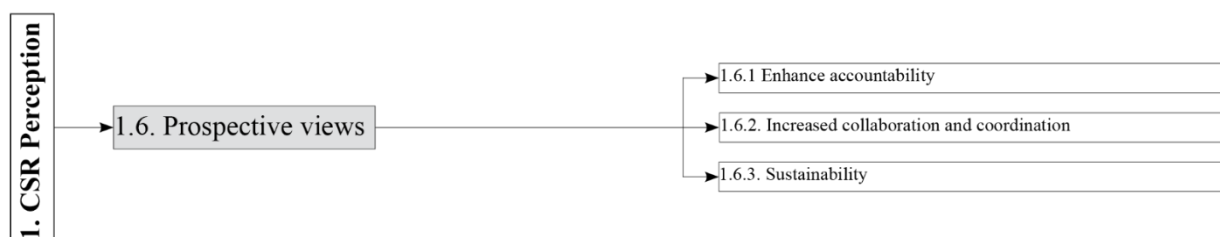
Viewing CSR as a tool for holding companies to account tends to stem mainly from how CSR is perceived. Informants see the public perception of CSR may deliver criticism rather than motivation. As a result, some companies avoid engaging in CSR to avoid criticism -either from the public or any external bodies-.

“...I assume that the society is able to realize our efforts in supporting the development plans of the country. However, we hope that society can focus more on our contributions not only on the problems, we ask society to stop blaming and attacking companies on every occasion for any shortcomings.” P3

“...There is a big difference between motivating and accountability.” P3

5.3.1.6 CSR Perception: Prospective views

The informants provided their recommendations and suggestions for promoting the positive perception of CSR in SA. They focused on three main points: enhance accountability, increase collaboration and coordination, and sustainability.



5.3.1.6 CSR Perception: Prospective views

1. Enhance Accountability

Enhancing accountability was the first recommendation from the informants. This is seen as an important factor for improving CSR implementation within SA.

“.....There will be accountability and then more value added, more organized efforts and more rationalization. There will be clear KPIs (Key Performance Indicators). There will be also model applications and practices. This is my perception, and I am talking here about the leading companies (semi-governmental).” P5

“Of course, if there were a policy, regulations and directives, if there were laws, punishments and reward, I am sure things would get better.” P6

2. Increase collaboration and coordination

Saudi Arabia is a big country has many different regions and sectors (public, private and charity). This requires effective collaboration and coordination in order to improve the companies CSR practices especially between the three sectors. The collaboration and the

coordination would assist in standardizing the CSR practices as well as in exchanging the needed information such as what, when and where to deploy the activities

“... but we still need more coordination between the three sectors (government, charity, business) .it needs only an initiative.” P4

“I strongly recommend creating partnership between these three sectors in order to coordinate the efforts and put the CSR programmes in the right place based on real needs according to the information provided by each sector. We will then prioritize harmonize our efforts.” P3

“... joining the CSR Committee [a national committee in the western region of SA] helped us to support CSR programmes easily and fairly, so none of our companies face a shortage of funds. [the companies participating in the committee], see, we all gain from collaboration ...we have to work jointly not only locally but also worldwide. By doing that we will learn from others' experiences.” P1

3. Sustainability

As mentioned earlier, sustainability is seen as an advanced concept of CSR. Sustainability is viewed in two ways: sustainability of the CSR activities themselves, and from an ecological or social perspective. Sustainable CSR activities can be maintained at a certain level and are therefore more effective over time. From the second perspective, sustainability-focused CSR activities (for example, environmental responsibility) are key to the long-term survival of organisations as social acceptability is an important factor in the longevity of businesses.

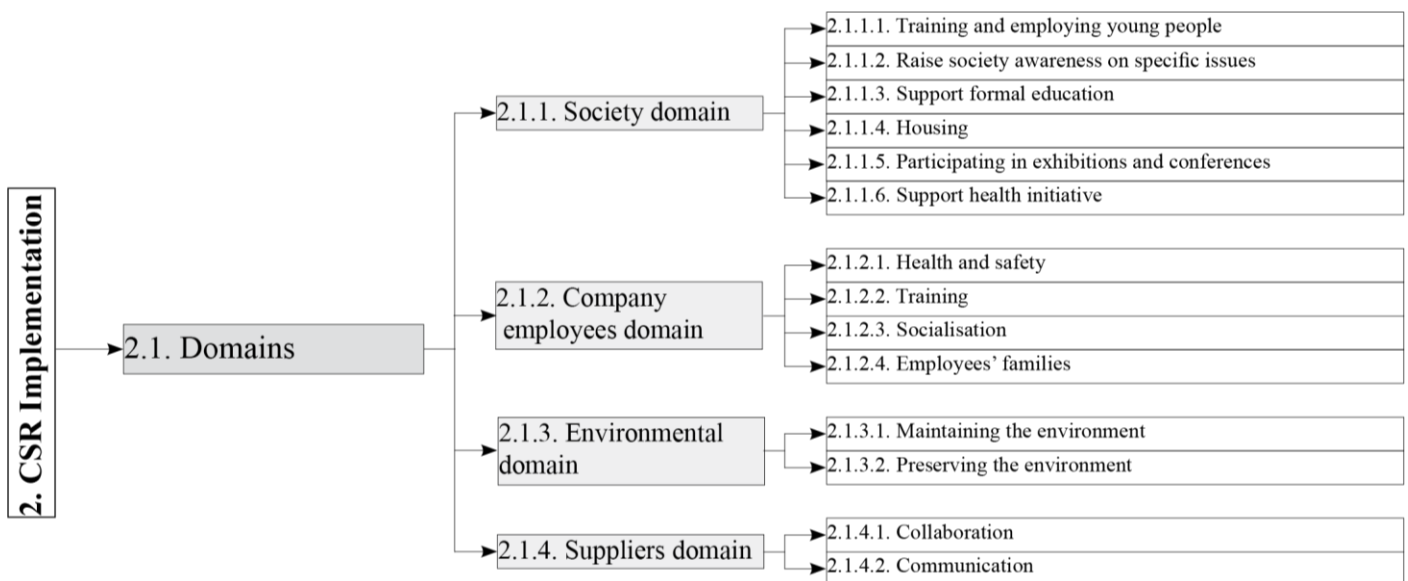
“...another point, CSR has various spheres. Together, by coordinating the efforts among the different sectors, every sector and every company can be specialized in a specific type of CSR according to its suitability to each of them. By ‘specializing’ the CSR, we will reach sustainability.” P1

5.3.2 CSR Implementation

The previous section presented the categories, the sub-categories and the propositions of the first concept “CSR perception”. Analysis of the data was extended to examine how the CSR concept is implemented by Saudi companies. This is a necessary step to understand CSR reporting. The categories that were used to describe the implementation were chosen based on the interrelationships between the open codes (see chapter 4) under the implementation concept. The categories are: domains, considerations, challenges, features and framework.

5.3.2.1 CSR Implementation: Domains

The informants were able to define, but not always clearly, the domains in which their companies practice CSR activities; for example, environment. According to the informants, there are many and various initiatives that are labelled as CSR ‘programmes.’ In Saudi Arabia, CSR is usually seen as a programme if it is ongoing and an ‘activity’ if it has been completed. This is another example of the fluid nature of CSR and its definition in Saudi Arabia at the time of writing. The work to group these programmes/activities resulted in four domains. Based on data gathered from the informants, the main domain is to serve society, followed by company employees, then the environment, and finally suppliers.



5.3.2.1.1 CSR Implementation: Domains, society domain

Companies support society in six different ways:

1. Training and employing young people

“...when we first started our CSR programmes we used to hire young people, the future leaders.” P2

2. Raise society’s awareness on specific issues

“...we do a constant educational info-graphic on how to deal with gas and how to avoid gas leaks.” P9

“...we have cooperated with some associations to make people aware of celiac disease because it is common disease and people in Saudi do not know much about it. In addition, we participate and contribute to some world days such as world health day on 7th April we focus on diabetes. We make info-graphics to make people aware of diabetes and how to deal with diabetic people.” P9

“...We can do this through outreach programs.” P10

“...including safety and professional health, here we have activities that aims to raise awareness in schools and malls, and through brochures, TV programmes, etc. ... We now also run training courses in schools. We cover over 300 schools where we introduce courses on traffic safety...” P7

3. Support formal education

“...so, we support [X] program, especially the educational centre.” P1

“...this was one of our CSR big programs in education, but we also have other small programs in education e.g. a school called “ebn Khaldon”.” P1

“In education for example we have provided many schools in [X city] with new lab machines to be used in learning and we are aiming to continue this support for the upcoming years ... now we can say that we have covered almost 99% of [X] schools.” P3

4. Housing

“One main programme was building houses for people in 270 units for 1000 persons were built for this purpose at a cost of SR45 million SR.” P3

5. Participating in exhibitions and conferences

“...and other small programmes we participate in and sponsor exhibitions and conferences related to safety and security.” P1

“...we hold big and different events around the Kingdom.” P6

6. Support health initiatives

“In [region X] where the weather is very cold, we have carried out 2 programmes: mobile clinics and winter clothes for school children” P8

“...for example, “try the ‘wheelchair’ is one of CSR programmes that we run inside and outside the company with cooperation with ‘the disabled children's association’.” P9

“Another example of medium strategies is “Ebsar”, which focuses on blind people's rehabilitation.” P1

5.3.2.1.2 CSR Implementation: Domains, company employees' domain

Four areas of focus are related to company employees: health and safety, training, socialisation, and employees' families in addition Saudization.

1. Health and safety

"CSR serves the society and the employees.... We have internal committees that are responsible for issues related to employees, for example health and safety and social affairs." P3

"...we are keen to provide our employees quiet, safe and healthy work environment, and this is part of our CSR." P6

"Therefore, safety is very important for the employees, those who work in generation plants, distribution plants, etc. All of them should enjoy a high standard of safety. This is one of the most important issues that we concentrate upon in the company in general and in CSR in particular." P5

2. Training

"...career opportunities, training opportunities, etc. All these issues are applied now." P5

3. Socialisation

"...one of our social responsibilities is to create efficient social networking inside the company and to deliver proper information between the employees,....." P9

4. Employees' families

There are a number of ways in which companies enact CSR through engagement with the families of employees. These include training and education, entertainment, and healthcare.

"we also support [the company's] families and we train them on 'home safety and security' in the area where [the company] is." P1

5.3.2.1.3 CSR Implementation: Domains, environmental domain

CSR programmes within the environmental domain cover two main aspects of sustainability: maintaining the environment and preserving the environment.

"As we are in a chemical and petrochemical company, environment is a very, very important." P10

1. Maintaining the environment

Even the thermal emission issue is part of our CSR practices. This helps eliminate pollution and save power, which is a very important issue. If we use thermal insulation and applied efficient use of power, we can save a lot power and oil which is a wealth for coming or future generations. It also helps the government and helps maintain the natural environment." P6

“...we further concentrate upon programmes which related to maintaining the environment ...We are keen to pay their entitlements on time, and to preserve the environment.” P6

2. Preserving the environment

“The company also spends a lot of money investing in devices for controlling and monitoring emissions, and it uses very advanced “TLN” burning devices, which leads to minimising nitrogen oxide emissions ... When we talk about preserving the environment, we talk basically about four elements, preserving air and water against pollution in addition to preserving soil against debris, and finally the level of noise ...We also generate power from green resources, or what is called renewable energy.” P7

“We also generate power from green resources, or what is called renewable energy We try to generate electricity from clean resources... For example, we use the exhausts of cooling units as a thermal source for boilers instead of burning more fuel. This might cost the company more money, and it is not an obligation; rather, it is an initiative to maintain fuel and produce power in a cleaner way.” P7

“..., the company has very big project which seeks filtering the harmful emissions in order to protect the atmosphere” P3

5.3.2.1.4 CSR Implementation: Domains, suppliers’ domain

By collaborating and communicating with suppliers, companies practice CSR by working with the suppliers who have good reputation (ethically) and by providing guidelines for best practice based on the needs of Saudi society. It is assumed that using and encourages Saudi suppliers can be seen as part of CSR as well as part of the national development and economic plans.

1. Collaboration

“We are also keen to use national products in our operation, and this is part of our CSR.” P6

“We further encourage Saudi contractors and suppliers and give them the opportunity to compete with international companies to obtain a good share in the company's projects,... We as a company cooperate with other entities who have interest in CSR...and support sustainable development.” P6

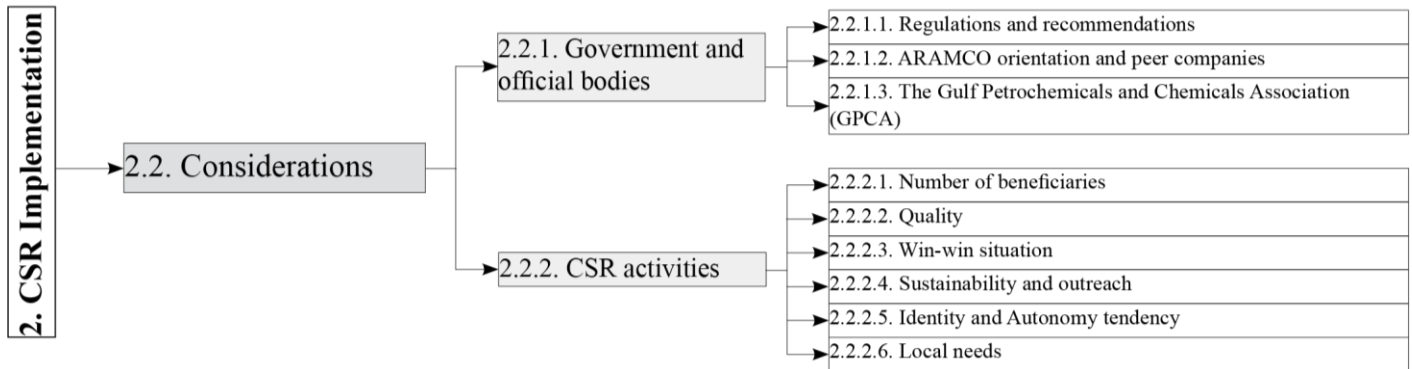
2. Communication

“...we also are sharing with them communication channels about plastics.” P10

5.3.2.2 CSR Implementation: Considerations

The considerations category is the second category of CSR implementation. The analysis led to identify thirteen factors that are usually taken into consideration when carrying out CSR

activities. These factors were grouped into two categories: the first can be linked to the government or the official bodies, and the second is related to CSR activities. The factors and supporting evidence are presented under each category below.



5.3.2.2.1 CSR Implementation: Considerations, Government and official and other bodies

Companies have to take into consideration any related government regulations and those enforced by the Gulf Petrochemicals and Chemicals Association (GPCA). This is particularly the case regarding those of an environmental nature. Government recommendations are also expected to be followed, even if these are not legislated. The informants tend to model their CSR practices of Aramco and its peers when implementing CSR.

1. Regulations and recommendations

“Needless to say, we seek confirmation from the government and it [CSR programmes and activities] should be approved by the government.” P1

“It is true that we try to attract certain qualified staff, ... but we also comply with the “Saudization” policy.” P6

2. ARAMCO orientation and peer companies

“...then our perception of CSR or one of the perceptions of CSR is a little bit like Aramco ... We also have our main funders. I mean Aramco.” P10

“But there are other companies that set an example like Aramco; Aramco is a pioneer in the Kingdom in the field of social responsibility.” P6

3. The Gulf Petrochemicals and Chemicals Association (GPCA)

The GPCA represents the hydrocarbon industry in the Arabian Gulf. The association has 250 members from chemical companies and accounts for 95% of chemical products in the region.

The GPCA Responsible Care committee (one of six committees) aims to drive improvement in environmental, security performance and health and safety. It launched an award to recognize companies with outstanding performance in applying the Responsible Care initiative. Even though the Association is important to the petrochemical industry in particular, its importance as an external contributor is evident.

“...then we are making the exercise of reporting to GPCA, but the final report is not [the company] reporting it is to the association and let's say the petrochemical and chemical company members of GPCA report collectively their progress.” P10

5.3.2.2.2 CSR Implementation: Considerations, CSR activities

According to the data, CSR programmes need to consider six important factors: the number of beneficiaries; quality; win-win situation; sustainability and outreach activities; identity and autonomy tendency; local needs.

1. Number of beneficiaries

“...and we want to develop our services and to expand the number of people who benefit from our programmes... as many beneficiaries as possible.!” P1

“Our aim is to cover high number of beneficiaries with sustainability and development.” P3

2. Quality

Even though the informants highlighted the importance of programmes' quality, they did not mention how this quality is evaluated. In addition, there is an apparent lack of systematic performance measurement.

“...our approach is to do what society really need ... the quality of the programme is our concern, and in general, they are all connected with each other.” P3

“...We are always working on developing our CSR practices in general.” P6

3. Win-win situation

This consideration is mentioned in the data several times. It demonstrates that companies are thinking carefully about the benefits they gain before conducting a CSR programme. This emphasises the importance of the business case concept when applying CSR.

“...so, our programs depend on win- win situation (good for us and good for you.... it is good for the industry, it is good for the economy and it is in line with where the government wants to go . so, it is compatible with all these factors.” P8

“...this is a win- win situation, to benefit the company and society. I don't mean “benefit” the company financially, no, I mean benefit the company as our “identity” has to be there.” P1

4. Sustainability and outreach

“we believe in the importance of ‘sustainability’ standpoint.” P8

“Our goal is to reach all locations.” P6

“...we can do this through outreach programs.” P10

5. Identity and autonomy tendency

There is a tendency to control the whole process of CSR rather than collaborating with others. According to the data, the companies try to achieve a maximum and at the same time seek to benefit society. It is another example of the ‘business case’.

“...I mean benefit the company as our “identity” has to be there ... In 2015, changes in CSR perception and CSR policies have happened in order to enable [the company] to shape its own programmes, its own identity, its own theme of CSR, not just to respond to external proposal , but to create our own programme with our own identity with full funds.” P1

“.... we will create our own CSR programs and to include our identity.” P1

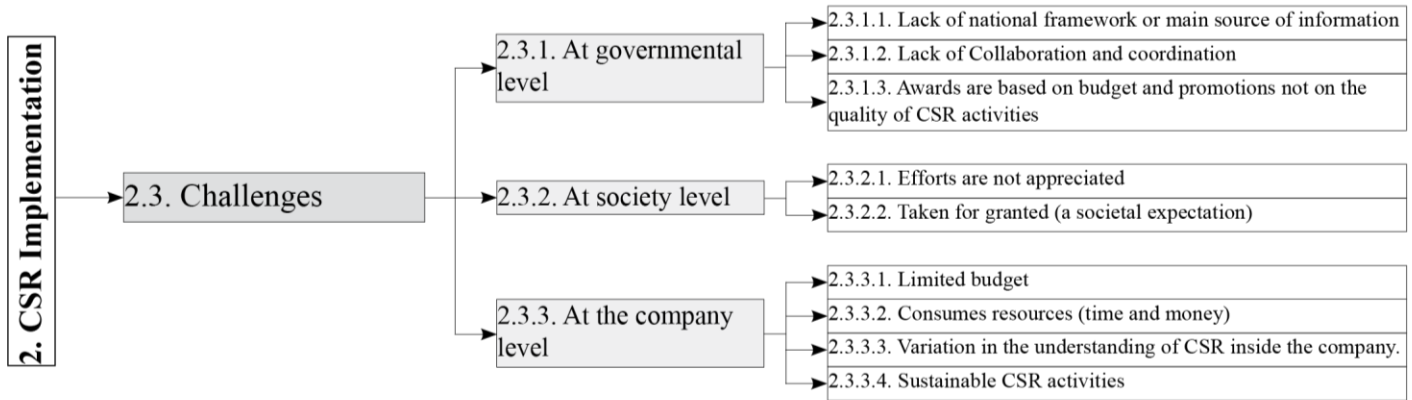
6. Local needs

The data analysis showed that defining the local needs is mainly depends on unofficial opinions shared by members of the company, or by imitating other local companies' acts. This is understandable because there is no national guidance on effective CSR at a local level. Therefore, it is clear that there is a serious need for more collaboration between the private sector, the charity sector and the government/public sector.

“Geographically, our focus is on the area where [the company] works (Mecca, Yanbu, Jaddah and Medina).” P1

5.3.2.3 CSR Implementation: Challenges

The informants highlighted many challenges facing CSR implementation in their companies. In analysing these challenges, we can organise them into three groups. A group that is related to the government, another group can be assigned to society, and the third group is focused on the company.



5.3.2.3.1 CSR Implementation: Challenges, at governmental level

1. Lack of national framework or main source of information

The absence of a national framework has left companies to their own devices or reliant on imitating other companies which may lead to inadequate practices.

“Still dealing with this as secondary social activity, philanthropy kind of work and not yet formalized in a strong national framework.” P17

“We have no main source or guide, it is a governmental responsibility ... we know this normally from social gatherings or media.” P3

2. Lack of collaboration and coordination

Linked to the previous point, while the government encourages CSR it does not proactively facilitate or guide collaboration and coordination between companies.

“... but we still need more coordinating between the three sectors (government, charity, private businesses) .it needs only an initiative.” P4

3. Awards are based on the allocated CSR budget not on the quality of CSR activities

Responsible Competitiveness Award (RCA) is recognising the CSR activities of Saudi companies. However, these awards tend to go to companies with large CSR budgets and those who actively promote their CSR as part of the company brand rather than the quality of the activities being taken into account. While the awards are seen as a positive act in regard to

encouraging companies to engage in CSR, as well as raising awareness of the concept, the criteria by which they are awarded is criticised.

“... but when you see the measures used for these awards (prizes), it is about how much paid !!...actually, this constrains our freedom of working. We can provide you with everything such as ideas, strategies, standards, practices, financial contributions, participation ... and you have to evaluate us depending on our performance and acts, and then see how we are integrated into the country's development plans and how we sustain our programmes. The amount of money designated for CSR doesn't give any indication of how active we are or what quality we provide.” P3

“I am sorry to say that using the awards of CSR has shifted the aim from motivating the companies to polishing the corporation name !!” P15

5.3.2.3.2 CSR Implementation: Challenges, at society level

1. Efforts are not appreciated (public opinion)

Companies deal with the public as stakeholder. As a result, public opinion can put pressure on companies regarding CSR activities. This can be problematic if the expectations of the public differ from the intentions of the company.

“...I assume that the society is able to realize our efforts in supporting the development plans of the country. However, we hope that society can focus more on our contributions not only on the problems, we ask society to stop blaming and attacking companies on every occasion for any shortcomings.” P3

2. Taken for granted (a societal expectation)

Informants reported that the public often take CSR activities for granted and, in some cases, expect that the activities must be continued as if they are a mandatory requirement.

“...unfortunately, once we start any CSR activity, the community receive it and take for granted” P4

5.3.2.3.3 CSR Implementation: Challenges, at the company level

1. Limited budget

“There are many challenges one of them is 'budget'. However, an efficient partnership can overcome this.” P4

“Let me be frank with you ... There is a vision.... but there is no execution or implementation, because there is no budget, that is approved. For the board, what is clear is that they have 10 million for the charitable organizations, that is it.” P5

2. Consumes resources (example time and money)

No doubt that CSR activities require time and money to be put into effect. As a result, some companies resent this burden. This is another example of the importance of the business case in CSR arena.

“I mean that some corporate social responsibility programmes are a waste of time and money. They are just for showing off rather than being programmes, that really reflect upon the needs of the society... Even the financial management, some of them see it as a waste of money.” P5

3. Variation in the understanding of CSR inside the company

“...the problem is how to introduce this to our employees as part of CSR. ...they do not recognise it as part of CSR. So, there is a gap in the concept here” P5

Sustainable CSR activities

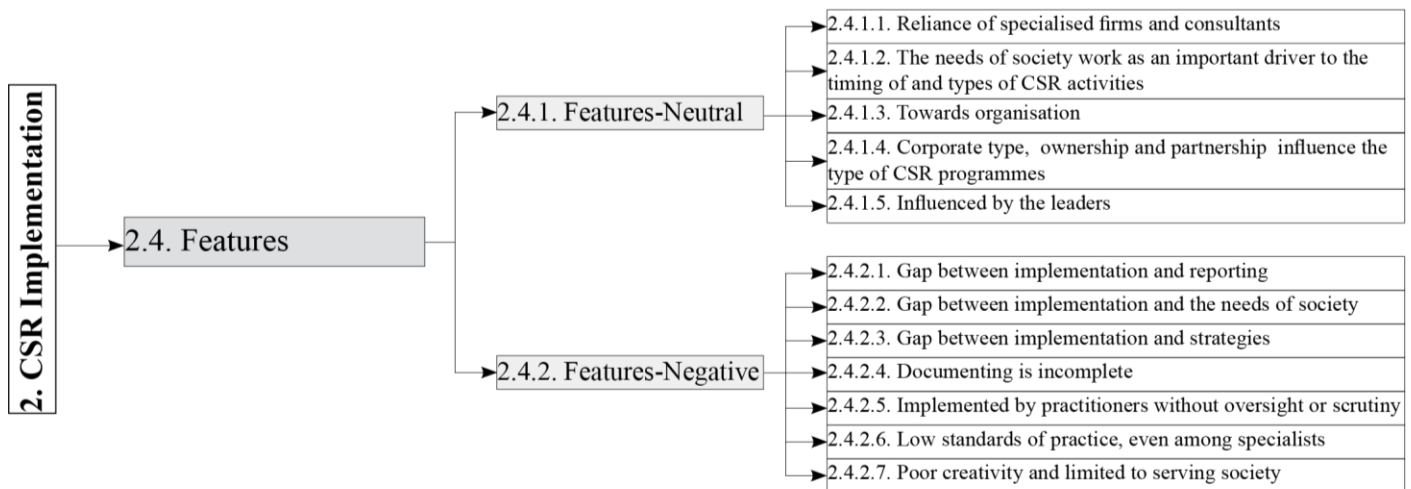
Companies find that providing constant and sustainable CSR programmes is a challenge.

“In Saudi, we found that to effectively deploy our water and power projects, we need qualified people. The qualified people need to be Saudis not because of Saudization but because of the sustainability of our project. Honestly, it is not only that we want to do a good but we have a need as well and we believe in the importance of ‘sustainability’ standpoint.” P8

“...another point; CSR has various spheres. Together, by coordinating the efforts among the different sectors, every sector and every company can be specialized in a specific type of CSR according to its suitability to each of them. By specializing the CSR, we will reach sustainability.” P1

5.3.2.4 CSR Implementation: Features

From the data, it was possible to identify four neutral and seven negative features for CSR implementation as follows:



5.3.2.4.1 CSR Implementation: Features, neutral features

1. Reliance of specialised firms and consultants

Specialised firms and consultants provide companies with CSR plans and suggestions. They can also put these plans into action. Recently, there has been an increase in the availability of such services as more of these firms and consultants enter the market. This is evidence that most CSR activity is outside of the core business of Saudi companies.

“Nowadays, companies seek to hand the responsibility to other specialized institutions to provide the social services instead of them. This helps in creating and spreading CSR consultancy companies.” P4

“... two years ago, we signed a contract with a company who do counselling in CSR, in order to improve our practices.” P2

2. The needs of society is an important driver regarding the timing of and type of CSR activities

Companies respond to specific needs in society. Therefore, events and circumstances that create need (for example, poverty in a specific region) will heavily influence the timing of and type of CSR activities that are undertaken.

“we have to respond to the needs of the country ... every country is different so one size won’t fit all.” P8

3. Towards organisation

While CSR remains arbitrary in Saudi Arabia, there is growing tendency towards organise the CSR activity to be more effective. An increasing number of companies now analyse their CSR activities (for example using SWAT), evaluate their contributions, and are steering away from merely engaging in financial contributions.

“Based on SWAT analysis we stopped the cash support and replaced it with qualitative services instead of monetary aid.” P4

“Now, for example, we tend not to pay cash to Kenana society, but to try to contract with a provider of haemodialysis and install that in desired locations.” P6

4. Corporate type, ownership and partnership influence the type of CSR programmes

“... 80% of the company's ownership is for the government, so its programmes should match the needs of our communities, which is complementary to the company... We try to consider issues that are important to the society. For example, one of the issues mentioned in the standards of ISO 26000 is safety and professional health. This is one of the main issues we care for in the company, because we deal with the dangers of electricity, high voltage etc... There are also other important issues because we have partnerships with the Ministry of Interior, and the Civil Defence concerning safety and security.” P5

5. Influenced by the leaders

The quality of CSR activities carried out by companies is highly dependent upon the commitment of those leading CSR within the organisation. The level of CSR engagement can fluctuate if there is change in the employees and how they perceive their social responsibility.

“...I am the one who wanted the CSR in 2011. It means now more than five years I am handling the CSR issues...I developed a strategy for CSR, and it has been agreed in 2013 by the management committee.” P10

“An important factor you need to look at is the leaders in Saudi companies, many are not Saudi, coming for a temporary period of time having short-term plan for themselves ... So, they direct the company's practices towards their interest more than anything else. This may explain some unaccepted practices by some companies such as 'monopoly', the bribery and the exploitation which are prohibited by our religion.” P15

5.3.2.4.2 CSR Implementation: Features, negative features

1. Gap between implementation and reporting

Even if CSR implementation by a company is of high quality, reporting has not have the same interest. Reporting does not cover all the activities and only in general nature, rather than detailed.

“...honestly, what we do is much more than what we report.” P8

“... we had about 15 programs in 2015 but we didn’t publish them.” P1

“We showed them once in the Chamber of Commerce in Jeddah, and the audience did not believe that these programmes existed in the [company].” P6

“Currently it does not reflect. There is no clear disclosure that shows the actual programmes. ... Now, you find it in the financial report under the item called "donations". This means they are not programmes, but rather donations to a charitable society. Sabec, for example, donated the amount of 300 million to the mental health hospital in Riyadh. They use GRI, Global Report Initiative. They have guidelines and are working properly. They have supported the national programme for drug prevention with 50 million, the Autism Research Center in King Faisal Hospital with 45 million, Down Syndrome Combat with 12 million, The National Survey of Health and the pressures of life project with 11 million and seven hundred thousand, and the Al-Jobail Charitable Organization with 10 million. All of these details I obtained from unpublished reports; they are not disclosed. But if you ask them why they are doing so, they say everybody is doing it this way; it is rather a benchmark.” P5

2. Gap between implementation and the needs of society

Although that the informants regularly stated that CSR programmes are tailored to serve the needs of society, they also often emphasised that most companies participating in CSR are focusing on what serves the image of the company or can be used to promote the brand.

“This kind of social work, banks do not do it. What they actually do is to post logos in conferences, which does not help society.” P9

“ They [CSR programmes] are just for showing off rather than being programmes that really reflect upon the needs of the society.” P5

3. Gap between implementation and vision and strategies

Many companies have a separate CSR section on their websites. The concept of CSR is also included in their mission statements, but few have a clear and systematic strategy. Therefore, regardless of the ability to articulate a vision regarding CSR, such activity tends to be driven by HR and marketing departments rather than CSR-centred strategy.

“On the level of the strategy and vision you will find it perfect, but the programmes are not in alignment with the strategy. If you read through it, you would say that all these activities are PR and events.” P5

4. Documentation is incomplete

“...we have no issue in disclosing anything; the only issue is that we don’t do a good job in documenting and reporting everything and that is because we are busy reporting on our core operations .” P8

5. Implemented by practitioners without oversight or scrutiny

Individuals or teams may be given responsibility for a company’s CSR activities; however, they may not fully understand what is required and may not be motivated in the role. In these circumstances, the lack of oversight will reduce the quality of CSR implementation.

“The situation is that programmes evolve and are executed without referring to a clear CSR reference or sources...” P1

6. Low standards of practice, even among specialists

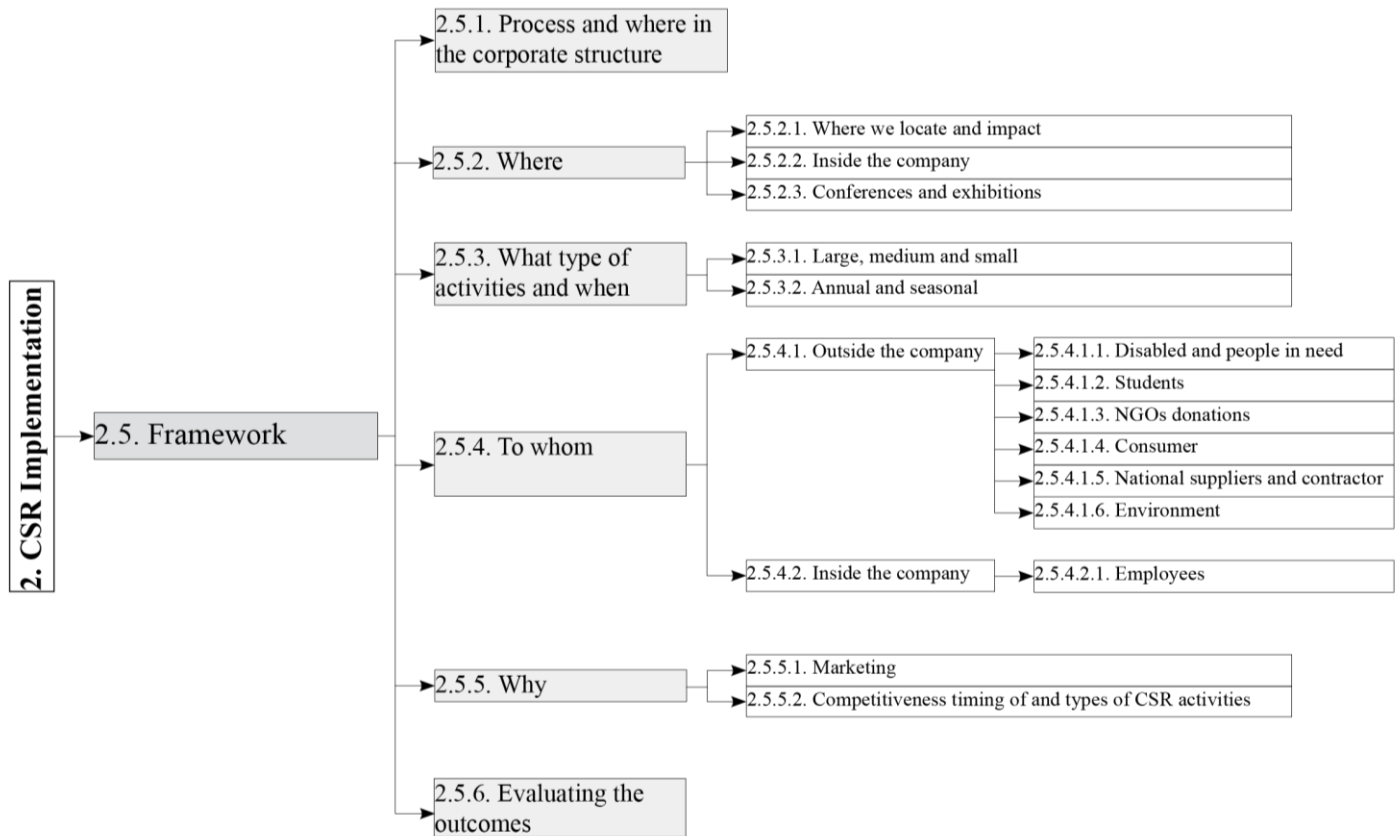
“...It is considered a priority among other strategic objectives of the company, but it is not granted a good level of depth, I mean on the level of structuring, budgeting, etc.” P5

7. Poor creativity and limited to serving society

“CSR, unfortunately, is briefed to social services [serving society] not social responsibility and there is big difference. see the ISO 26000 and its seven standards.” P15

5.3.2.5 Implementation: Framework

This section is an attempt to represent an initial framework highlighting and organising the fragmented aspects of the data regarding CSR implementation. The framework, based on evidence from the informants, shows the kind of process that CSR implementation undergoes inside a company, details about where, what, to whom, and why CSR is implemented, and finally how it is evaluated.



5.3.2.5.1 Implementation: Framework, process and where in the corporate structure

According to the informants, it seems that although some companies have started to create CSR departments, CSR is generally practiced through an interdepartmental committee or a PR department. However, few big companies that are operating under a global name incorporate the process in their sustainability strategy.

“Usually the sustainability strategy defined and shaped out after conducting organizational wide sustainability assessment for more than 22 dimensions at the organization level i.e. strategic vision and objectives, procurement, HR, IT, supply chain, internal risk...etc. in order to realize the current status for each dimension as well as the future desire state. Therefore, as a result of this assessment, the company should have the gaps between the current and future and then, they come up with list of projects, areas of strength, and areas for improvements. Usually, they sorted out in heat-map diagram (roadmap) to prioritize their actions / projects over 5 to 10 years plan.

Based on the roadmap and prioritization, the company come up and plan for their sustainability strategy breakdown per: interesting topic....For the rest of companies in Saudi Arabia (90 %) whom are big but not affiliated or operate under a global brand or name, they are conducting sustainability from communication, marketing, and PR approach, unfortunately,” P17

“However, from 2010 to 2011 a new CSR function was established; a new CSR procedure and new CSR policy also developed. In addition, a fund has been allocated to serve this function.”

“In the annual meeting of the CSR, we define the company's direction (orientation) for the upcoming year and also the budget for that direction. However, we only have the orientations of what we will participate in and some programmes.” P1

“After the session we receive the confirmation on the fund, the orientations and part of the programs. Then CSR procedures will be formulated. These procedures are consisted of a committee. This committee consists of the company president, 2 VP, HR, our department (corporate affair department) and accounting department. The committee meets at least four to five times a year (quarterly), basically, we meet every month to review all the programs and the proposals come to us. The ‘corporate affair’ is the history of the past three years as the ‘corporate planning department’ was managing the CSR. but then it transferred to new department called ‘corporate affair’. Corporate affair consists of: Support service, Identity, Media, Public relationship and Corporate Social Responsibility. Thus, we expanded this area as we had the confirmation and the fund from the board of directors.”

“Throughout this committee of CSR, we work and we vote on everything.” P1

“Mostly we involve in 10-15 programs every year, big, small, annual and seasonal.” P1

“In 2015, we changed the perception of CSR in [company] and we changed the policy a bit to enable [company] to shape its own programmes, its own identity, and its own theme of CSR.” P1

“...we developed a strategy for CSR, and it has been agreed in 2013 by the management committee. Further down... we created a CSR steering committee. This CSR steering committee since then is involved in all CSR activities and campaigns. The CSR committee, it's mainly a cross functional committee with the different managers from operation, from investor industrial relation. Then we have the manager of environmental and health. We have the manager of different managers.” P10

“...but in 2008, a separate unite and a defined programme for CSR were allocated in the company.” P3

“Before 2008, the application of CSR was limited to cash donations, but in 2008, the year of establishing our “CSR programme” inside the company, CSR occupied bigger space, so many CSR standards and policies were also established ... the way we see CSR has changed, so there are no more direct cash payments as donations ... but we apply our CSR objectives, vision and mission.” P3

5.3.2.5.2 Implementation: Framework, where

1. Where we locate and impact

CSR activities are generally practised where the company is located for many reasons: convenient, cost effective, and reflects the impact of business operations on the local populace or environment.

“... we train them on ‘home safety and security’ in the area where [the company] is.”

“Geographically, our focus is on the area where [the company] works (Mecca, Yanbu, Jaddah and Medina). .. because our environmental impact is in these areas, so we support the society influenced by our work.” P1

2. Inside the company

“...In the buildings of the company, we set an example on ‘rationalisation’ when using electricity. We have good monitoring of power consumption in the offices and accommodation, as well as during duty hours...” P7

3. Conferences and exhibitions

“...and other small programmes we support by participating in and sponsoring exhibitions and conferences related to safety and security.” P1

5.3.2.5.3 Implementation: Framework, what type of activities and when

Informants were not always clear regarding how to classify their company’s CSR activities; however, one informant provided a useful set of classifications that are presented here.

1. Large, medium and small

“In terms of the CSR programs that we participate in, three years back we were participating in two types: large and small. The large ones were supporting educational institutions especially that ones who have two or three years ‘diploma’. We do full sponsorship for ex. (NITI) National Industry Institution. We support this institution with an excellent amount of money.... Another large program we support is building houses for needy people” P1

“Another example of medium strategies is “Ebsar”, which focuses on blind people's rehabilitation.” P1

2. Annual and seasonal

“...So now you can see that it varies: annual and occasional strategies.” P1

5.3.2.5.4 Implementation: Framework, to whom

The data shows that CSR activities are usually targeted seven types of beneficiaries: six of which are outside the company and one inside the company.

1. Outside the company

1.1. Disabled and people in need

“In the last two years, the company has focused on ‘learning disability’ needs (disabled people, blind people, autism etc.).” P3

“The intended programme is to establish the largest handicapped centre in Yanbuu.... treatment and rehabilitation “P3

“... “Ebsar” which focuses on blind rehabilitation.” P1

“We also support families in need “P1

1.2. Students

“we support the local schools but let me tell about one of our annual programs which we are really proud of, the company has participated for three years -except 2015 because of a shortage in our resources- in a program called Enjaz program. The programme aims to let the high school students experience the work life.”P1

1.3. NGOs donations

“We also support the official charitable organizations (approved by the Ministry of Social Affairs), through some donations.” P6

“We visit hospitals... and provide donations for some societies that provide social services like the Fahad Bin Salman Society and Kenana.” P6

1.4. Consumers

“We, also, run various activities related to the consumer, like increasing their awareness about the dangers of electricity, and rationalization in using power, by using modern technology to save power and not getting very high bills.” P5

1.5. National suppliers and contractors

“We are also keen to use national products in our operation, and this is part of our CSR ... We further encourage Saudi contractors and suppliers and give them the opportunity to compete with international companies to obtain good share of the company's projects, pursuant to their capabilities.” P6

1.6. Environment

“Every department in the company has its own CSR activities. for example, some departments participate in conserving the surrounded environment. Others participate in cleaning the company’s buildings fields and the shores, beaches, cornish.” P7

“... we offered many courses and lectures in different universities (both for boys and girls) on how to fight fire (firefighting mechanism).” P7

2. Inside the company

2.1. Employees

“At the top of the stakeholders list of the CSR activities is the employees but the shareholders are at the top list of CSR reporting.” P15

5.3.2.5.5 Implementation: Framework, why

Two main reasons were highlighted by the informants for implementing CSR: marketing and competitiveness.

1. Marketing

“For the rest of companies in Saudi Arabia (90 %) of whom are big but not affiliated or operate under a global brand or name, they are conducting sustainability from communication, marketing, and PR approach, unfortunately.” P17

“In all cases you will find another reason for CSR, one is ‘branding’” P4

2. Competitiveness

“...it serves mainly our competitiveness in relation to other companies.” P4

5.3.2.5.6 Implementation: Framework, evaluating the outcomes

Evaluating CSR performance seems to be applied on very basic levels due to the level of understanding regarding the concept, as well as the ability to measure outputs — especially social impact.

“Actually, this is limited, measuring or evaluating the results of such programmes, or the feedback of such programmes is very important but the concept of ‘evaluation or measuring’ is sometimes not well-understood by people.” P6

“In some areas we have obtained assistance from experts and consultants to perform a questionnaire, which gave us excellent indicators in some programmes; and based on this, certain decisions were taken, either modifications, or to keep things the same, or even the development of certain activities, or the replacement of a programme with another. So evaluation is there, but it is not 100% applicable.” P6

“...exactly, we do a review, a look back analysis, to see what has worked, what happened, what we will focus on next year and it also goes to the budgeting.” P8

5.3.2.6 Implementation: Prospective view and recommendations

Against mandatory CSR activities

Most of the informants were against mandating CSR. It was stated that those companies who are committed to CSR do not need to be pressured. There were concerns over the low quality of activity that could be practiced if uncommitted companies were forced to engage with CSR. Informants also highlighted a dislike for mandatory CSR models applied in other countries. The consensus was that CSR should be something done from a sense of responsibility rather than merely following fixed rules or regulations.

“Do you expect any future regulation or mandatory rules?”

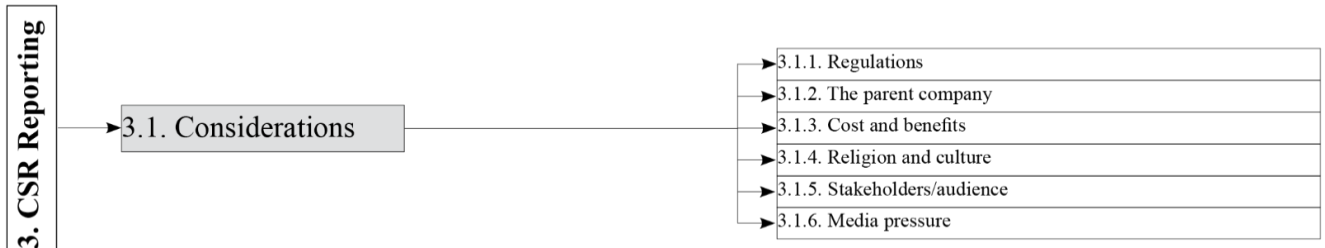
A: We hope not !!, we want to see voluntary work and charitable activities are embedded in the culture of our business and society. We need to be encouraged not to be obligedCSR, if imposed or mandated, businesses will find ways to manipulate it or use it for their advantage and avoid it, exactly like taxes.” P18

5.3.3 CSR Reporting

CSRR is the third main concept in this stage of the analysis. It is preceded by a background of CSR Perception and CSR Implementation, with all their categories and sub-categories. What follows is the analysis of the final part of the picture: CSR reporting. To be as consistent as possible in analysing the data for CSR Reporting, similar categories and the subcategories of CSR Perception and CSR Implementation were used as a guide but without forcing the data. Five categories were developed: Considerations, Challenges, Features, Framework and Prospective View.

5.3.3.1 CSR Reporting: Considerations

Not only are the legal regulations and parent company's policies taken into consideration and important for CSR reporting, but also the programmes' cost-benefits, religion and culture, and the views of stakeholders.



1. Regulations

Regulations (for example, GPCA, CAMA, Ministry of Energy, Industry and Mineral Resources) are mainly focused upon environmental issues.

“Q. About disclosure. Are there any issues you don't disclose?”

A. Sure, we have many issues because of the Saudi regulation [because] we are a publicly held company, also we have some regulation about SAMA, the ‘monetary agency’. In the disclosure, we have a lot of things we need to be aware of and to respect. We cannot disclose, unless the information are approved by the ministry of petroleum... In terms of disclosure, we have to follow the Saudi regulation. We are also a strategic company in oil and gas.” P10

2. Parent company and partnerships

“The information disclosed has to be allowed by our partnerships and the regulations.” P4

“Having said that the high perception from these companies [big names] is not because there is any regulation in Saudi Arabia but rather because of the perception from the mother (principal) to follow high standards of sustainable development.” P17

3. Costs and benefits

“Shareholders don't want us to waste money in programs that are useless, but, at the same time, it's important for branding the company, for the reputation of the company. ... We have to decide, and we have a board who decide about the direction,.. and we submit to the board also the programs, the budget, the campaigns we want to do. This is also an important point.” P10

“It is a real challenge how to achieve the balance between being socially responsible and showing that, and at the same time be profitable.” P15

4. Religion and culture

Saudi culture highly values certain traits that are emphasised by Islam. These for example, include, trust, transparency, honesty and nature of relationships between members from a company and society.

“I believe that reporting should be global and should not discriminate based on from where or for whom. On the other hand, on the level of our internal operations, we should make sure that they comply with the rules of the Islamic Sharia.” P18

5. Stakeholders/audience

The government is seen as an important external stakeholder. This is mainly for security reasons as it is necessary to know where money and resources are being directed. Another reason for increasing government scrutiny is the upholding of environmental protection laws. However, internal reporting is seen as equally important in order to assist the board and meet shareholder expectations.

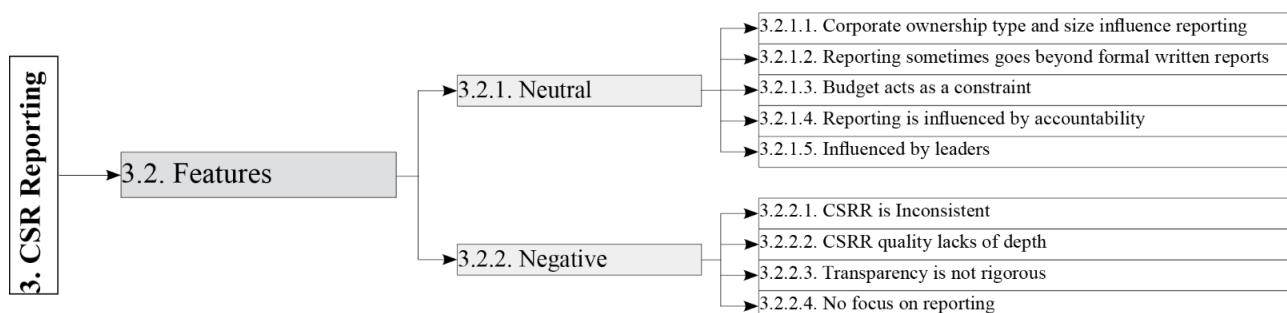
“The government may ask for a detailed report for security reasons so the company is responsible to provide this type of reports.” P11

6. Media pressure

“...Therefore, SR programs and reports by the few Saudi organizations who have such programs are mainly driven by either informal public demands mainly through media channels or self-initiatives by visionary leaders of these organizations.” P11

5.3.3.2 CSR Reporting: Features

Similar to CSR Perception and CSR Implementation, neutral and negative features for CSRR appear in the data.



5.3.3.2.1 CSR Reporting: Features, neutral

1. Corporate ownership type and size influence reporting

The type of company ownership (for example, public company or family-owned company) is shown to influence reporting by the data. Although publishing CSR information is voluntary, companies such as limited liability companies may allowed to report and publish qualitative CSR information but not financial information unless reported to internal use. This is not the case for public companies as this is mainly linked to a company's strategic- orientation so we may see the CSR details presented in different ways from year to year. A family owned company, according to informants, may prefer not to disclose any CSR details because of religious reasons, which encourages person to hide donations.

The company's size also has an influence on reporting. Big companies are more visible to their stakeholders, especially the shareholders and the government, this visibility leads large companies to be more willing to disclose information to meet the stakeholders' expectations and to avoid any political costs. In addition, large firms have the capacity to raise their disclosure levels.

"The CSR reports that have financial information are not allowed to be published. Other than that, anyone can see them. This is because our company has limited liability; its shareholders are (X) and only they and the auditor can view them." P1

2. Reporting sometimes goes beyond formal written reports

It can be argued that CSR Reporting may take other, less formal, forms than a formalised document. For example, a CEO might mention CSR activities in a speech or marketing department might use a Twitter account to raise awareness of a particular programme that enhances the company image.

"...so, from your point of view, what are the ideal methods to convey the company's CSR strategies and activities?"

I believe any, (Annual reports, special leaflets, stand alone reports, integrated reports, advertising, website, etc....any established framework or guidelines that can translate the company activities into a report." P17

3. Limited budget acts as a constraint

"If we have bigger budget I would do a promo and upload this on YouTube or TV channel." P9

4. CSR Reporting is influenced by accountability

“don’t underestimate accountability ...the accountability can be practiced against any corporation by either the government or society.” P4

“...all stakeholders are important, and they all share the issue of accountability and play part in this process.” P18

5. Influenced by leaders

The influence of the leaders on CSRR was confirmed many times by the informants. CSRR can be initiated, supported and enhanced or vice versa based on the level of the commitment and effectiveness of the leadership.

“Therefore, SR programs by the few Saudi organizations who have such programs are mainly driven by either informal public demands mainly thru media channels or self-initiatives by visionary leaders of these organizations.” P11

“At the end, it is the belief of the owners of the organization. Is it found on their “radar screen” or not There is no doubt that the leaders are effective in pushing it forward.” P18

“An important factor you need to look at is the leaders in Saudi companies.” P15

5.3.3.2 CSR Reporting: Features, negatives

1. Inconsistent

The best description by an informant regarding the problem of inconsistency in CSRR is contained the following quote (supported by the secondary documentation discussed in Chapter 4):

“The format and process of SR reporting in the annual reports is far from being consistent even within a specific organization year to year!” P11

2. CSRR quality Lacks of depth

“I believe that the reporting is still not up to the required level, still shy, not in depth, not focused, and does not contain a lot of details. It is still in the form of a PR activity, more than CSR and Strategic Initiatives.” P18

3. Transparency is not rigorous

CSRR transparency has many issues such as lack of detail and the tendency to not report negative incidents.

“Now, you find it in the financial report under the item called "donations". This means they are not programmes, but rather donations to a charitable society.” P5

“For example, the carbon emission is one of the things which we have to be careful in the disclosure.” P10

“....So, you can say that disclosure is selective and transparency is not full.” P4

“...But the content needs to be considered more especially with the petrochemical companies for their negative environmental impacts.” P15

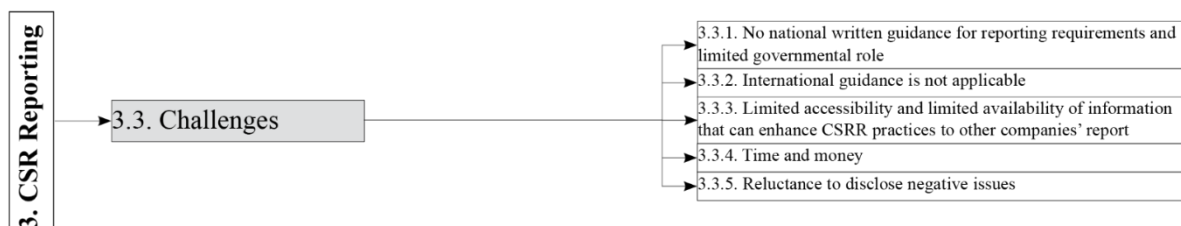
4. No focus on reporting

“Reporting on SR in Saudi Arabia, by governmental and commercial entities, is both a relatively new practice and quite uncommon.” P11

“There is no clear information that shows the actual programmes. For example, the financial report issued at the end of the year, there is no specific item for CSR. In other countries, there is an item called CSR expenses.” P5

“In Saudi Arabia, we have to differentiate between Aramco and the other companies. Aramco is keen to CSR program ...(now "Citizenship Responsibility"), and Aramco is very keen to reporting as well. Other companies do not have strong reporting...” P13

5.3.3.3 CSR Reporting: Challenges



1. No national written guidance for reporting requirements and limited governmental role

“Reporting on SR in Saudi Arabia, by governmental and commercial entities, is both a relatively new practice and quite uncommon. This is mainly attributed to two factors. Firstly, there are no specific legal requirement for these entities to report their SR plans and programs. Additionally, unlike other countries where SR expenditures can be tax-deductible, Saudi Arabia, thus far, has no financial scheme for incentivizing SR programs. This situation renders

the key two drivers for SR programs worldwide (I. E. Legal requirements and financial incentives) absent in Saudi Arabia.” P11

“... I do not see any role for the government in CSR reporting. I wish they reward the companies who have charitable and social activities, and imposing some restrictions in companies who do not have any such role. But I see that the government is currently passive.” P18

2. International guidance (GRI and ISO 26000 for example) is not applicable

International guidance tools for CSRR — for example, GRI and ISO 26000 — are not seen as user friendly. Informants explained that these guidelines suit large companies and are over complicated. It was also thought that companies using GRI are perceived as automatically providing a higher standard of CSR than those who do not.

“... when we say we have international CSR guidelines such as ISO26000, it is used only in some companies and yet it doesn’t fully match their goals... I can confirm that even the big companies who have very good CSR don’t use ISO 26000.” P1

“Having that CSR is a new concept to Saudi Arabia, people think that we should follow the international practices but this is not the right thing to do....” P3

“.... Tailoring GRI to be user friendly is a requirement!” P3

“- In Saudi Arabia, about only four or five companies are using GRI while the other companies are doing a good CSR but use different way to disclose their practices. ... the companies who don’t use GRI are still commitment to CSR...” P3

3. Limited accessibility and limited availability of information that can enhance CSRR practices

The limited access to other companies’ reports and the required information from other sectors (charity sector for example) prevents other organisations modelling good practice within the Saudi context.

“We acknowledge what other companies do and report (other than Aramo), but usually, it is hardly to access unless they [their reports] are published in the public domain such as in the social media.” P1

4. Time and money

“...Time is one of our challenges you know.... we studied ISO 26000 last year, we considered it thoroughly for four months. We decided finally to use only part of its guidelines ... I can confirm that even big companies don't use ISO 26000.” P1

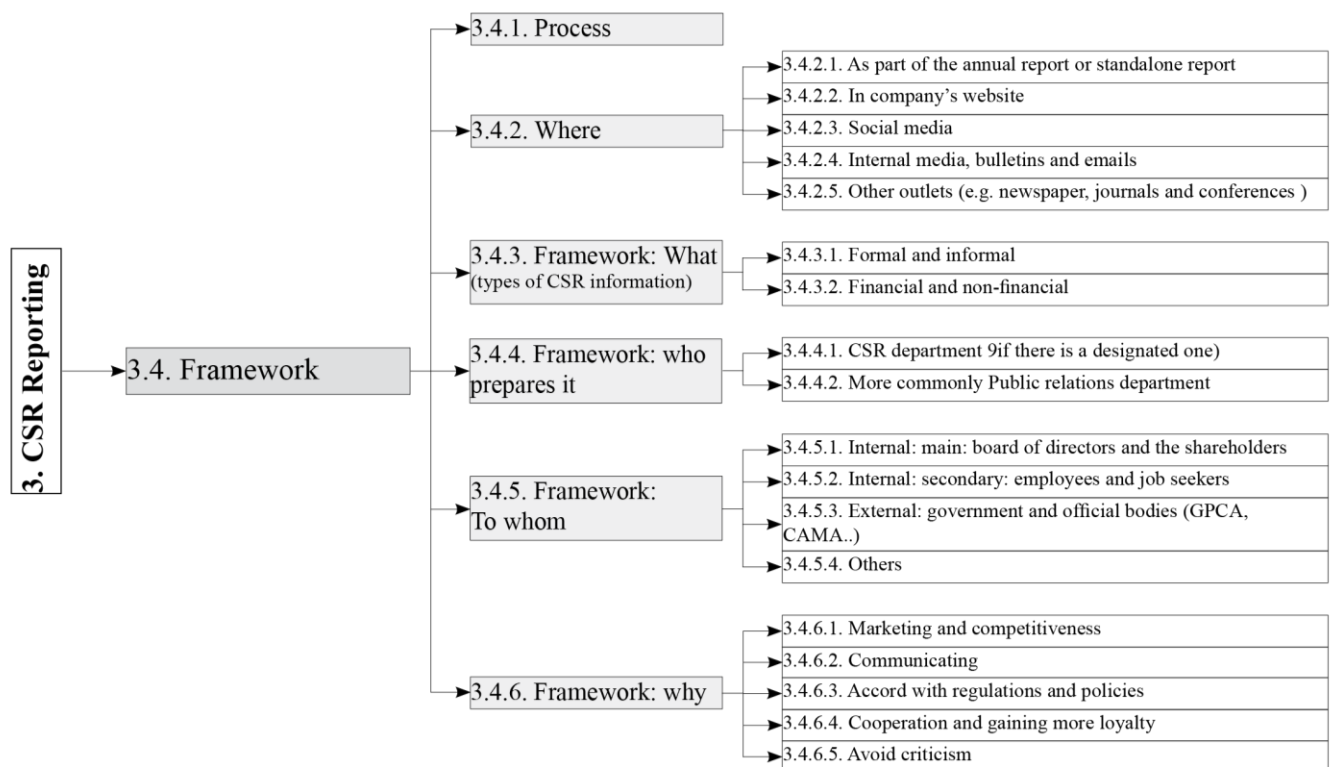
5. Reluctance to disclose negative issues

“Disclosure is selective and focuses only on the positive issues because we are in a competitive environment and we don't want to face public opinion.” P4

“We are in a climate where people wouldn't be tolerant of any negative information so companies don't disclose any negative aspects about their activities.” P4

5.3.3.4 CSR Reporting: Framework

This section outlines the process of CSRR and details where CSR reports are displayed, what type of information is disclosed, who prepares the reports, to whom these are provided, and finally why they are prepared.



5.3.3.4.1 CSR Reporting: Framework, Process

The data shows that the reported CSR information can come from either the CSR unit (if any) or from different- but related- units. The information, as is described clearly by one of the informants, can pass through many channels:

“Since annual reporting is typically a bottom-up compilation exercise with a very high-level editing by “Central Planning Units”, it is highly possible for SR to be overlooked by central planning as a main theme that deserves a separate section in the annual report. Unfortunately, it also is highly possible for SR fragmented reports by the various sub units to be trivialized by the review chain and subsequently be filtered out even before reaching the level of “Central Planning” where the consolidation and harmonization of the annual reports takes place. This further de-emphasizes SR as deserving an independent section in the report. The only exception to this situation is in organizations where there is an independent functional business unit that is responsible for SR. This business unit is then obliged, similar to the rest of the organization, to prepare its annual report and, in fulfilment of this requirement, exerts every effort to facilitate SR programs in the organization and to eventually extract all relevant SR elements under a separate theme which then is highlighted separately in the annual report.” P11

“From legislation and regulator point of view, please note that there is no clear mandate in KSA to measure the CSR activities at the companies’ side. However, some big organization conducting SROI (social return on investment) to measure the impacts of their social activities at certain boundary of associated stakeholders. In order to measure the SROI, you have to breakdown the tiers and beneficiaries within the project boundary and analyse the impact on each tier stakeholders.” P17

“The financial issues go to the financial management while the qualitative report is prepared inside the CSR department and revised by the public relations and finally confirmed by the senior management then it is printed out.” P3

“The department of public relations is the one who prepares this part [the CSR information] actually, in cooperation with other departments like the generation department, environmental protection etc.” P6

5.3.3.4.2 CSR Reporting: Framework, where (means used to disclose CSR information)

Saudi companies disclose CSR information by using any medium they think it is appropriate, mainly due to the absence of a formal reporting format.

The following section shows the different means that Saudi companies use to convey CSR information

1. As part of the annual report or standalone report

While most Saudi companies rely on the main annual report to disclose CSR information by assigning a section for this purpose, there are a few companies who prefer to use a standalone

report. Some informants prefer to separate CSR activities — from, for example, financial details — in this way as they think these will appeal to different audiences.

“When CSR is actually reported on, it is usually reported on as a part of the annual reports. The format and process of SR reporting in the annual reports is far from being consistent even within a specific organization year to year! Occasionally, SR can occupy a designated section in the annual report with SR explicitly being mentioned in the title.” P11

“Every year we issue a report that shows the company’s CSR programmes and activities, the number of the beneficiaries, the duration of the programmes, the awards that the company has gained and the achieved goals of these programmes. This report is a standalone qualitative report.” P3

“...There is also a part about CSR in the annual report of the company.” P7

The reason for using the standalone report is described by the informants as follows:

“....Using a standalone report is due to that the interested people in CSR are may be not interested in the core of the business of the company.” P3

“we have to focus more on our core business of generating and distributing electricity, that is why we choose to report social responsibility in a short form in the annual report.” P6

“we choose to report social responsibility in a short form through the annual report.” P5

“CSR Reporting takes two types: within the annual financial report as administrative expenditure not a CSR. the other type we find it in the big companies in a separate report regardless of the content. they are issued every two years.” P15

2. In company’s website

A number of companies only use their website to ‘report’ CSR activities to the general public.

“...We have also the website of the company, in which we disclose the information which we consider suitable for the public.” P7

“The monthly and quarterly report is published on our website... without specifying any amount of money, so yes, as a programme itself we publish it on the website, in newspapers and in any international journals we disclose our CSR programmes” P1

3. Social media

“...we published this in social media.” P9

“...We have also our twitter, website through which we release some information and directives about safety and electrical safety etc. So, methods of disclosure of information are many but cannot be all gathered in one form due to the differences in people’s interests, and

the numerous subjects discussed. It becomes even difficult for one to follow up all the information about some issue due to their numerously.” P7

“...we use any available tools which is mainly the social media of course...But the social media is the most used one (about 80%) because as you know it is not costly and is very effective.” P5

4. Internal media, bulletins and emails

“[the company] uses two methods; it uses the annual gathering and screens inside the company to disclose different information as an effective communication tool to ensure that all of the employees have received the information.” P1

“We also use emails We have about 38 thousand staff members, of whom more than 20 thousand have access to email; we use the internet to communicate with our staff in this regard. So, there are a lot of issues that are not published in the annual report...We also have like a monthly bulletin for the staff ... through which we publish our CSR issues.” P6

“..we have ‘AL-MESHKAT’ monthly magazine (newsletter)” P7

5. Other outlets (for example, newspaper, journals and conferences)

“...mostly, it happens through newspaper” P5

, so yes, as a programme itself we publish it on the website, in the newspapers and in any international journals we disclose our CSR programmes” P1

*“...But we sometimes have workshops or **conferences**” P7*

5.3.3.4.3 CSR Reporting: Framework, what (types of CSR information)

The type of CSR information disclosed varies from formal (if the reporter is officially reviewed) to informal (for example, social media). The information might be financial or non-financial based on the purpose of the disclosure, as well as for whom the report is prepared.

1. Formal and informal

“CSR reporting comes in two types: formal use and informal use (in fact all the reporting is formal use) but I mean the accountable use where there are monthly, quarterly and annually reports.” P1

2. Financial and non-financial

“For the time being, we have financial and non-financial report together because we are reporting on CSR within our financial report.” P10

“.... so, the expenditure on CSR programmes goes through the financial department. so we can say that there are financial issues and nonfinancial issues... The contents of the report are: goals, vision, mission, strategies, message from the president of the company. No financial information in this report as it is not a financial report. The reason why it is not a financial report is that the people are not interested in how much and how you spend it.” P3

5.3.3.4.4 CSR Reporting: Framework, who prepares it

1. CSR department (if there is a designated one)

“... the non-financial report is prepared inside the CSR department and revised by the public relations and finally confirmed by the senior management then it is printed out.” P3

2. More commonly Public relations or general affairs department

“The department of public relations is the one who prepares this part, actually, in cooperation with other departments like the generation department, environmental protection etc.” P6

“Usually, the company releases such information through its general affairs department.” P7

5.3.3.4.5 CSR Reporting: Framework, to whom (targeted audience)

1. Internal: main: board of directors and the shareholders

“...it is prepared mainly to the board.” P8

“Disclosure is always for the board.” P5

“For me, the reporting, it's mainly for shareholders, investors... because most investors nowadays and funders are looking for this information.” P10

2. Internal, secondary: employees and job seekers

“Probably you will have some job seekers who might be interested by the report because more and more we see that young graduates want to select properly the company they are going to work with or to which they will apply for. Then I believe maybe it can be an audience, but it's a secondary audience.” P10

“ The company prints out more than 1000 copies and distributes them to the employees, other companies, other sectors, the charity institutions and in any forums.” P3

“...we use internet to communicate with our staff in this regard.” P6

“...to ensure that most employees have received the information.” P1

3. External: government and official bodies (GPCA, CAMA)

“...then we are making the exercise of reporting to GPCA, ...it is to the association and let's say the petrochemical and chemical company members of GPCA report collectively their progress... GPCA then consolidate that for the certified companies and produces a sustainability report. Then we are doing the exercise for ourselves...”

We just have two externals. One is our financial report. It is for CAMA ... It's mandatory for publicly held company. The other one is through the association, the gulf petrochemical association...I believe after that some government bodies may be interested in such reports.” P10

“these entities are legally required by the concerned governmental authorities to report on their financial as a means to guard against illegal activities.” P11

“The government may ask for a detailed report for security reasons so the company is responsible to provide this type of reports.” P11

4. External: Others

“For me, the reporting, it's mainly for shareholders, investors. ... In other countries I believe that NGO's are interested, but in Saudi Arabia, it's a little bit different.... I don't think that the public is very interested in this type of report in Saudi Arabia” P10

“ The company prints out more than 1000 copies and distributes them to the employees, other companies, other sectors, the charity institutions and in any forums.” P3

5.3.3.4.6 CSR Reporting: Framework, why

1. Marketing and competitiveness

“For the rest of companies in Saudi Arabia (90 %) whom are big but not affiliated or operate under a global brand or name, they are conducting sustainability from communication, marketing, and PR approach, unfortunately.” P17

“...CSR in the world is important for marketing, image, branding. So, disclosure is important for the company... From the company perspective, yes disclosure is important. When I earn, and propose a social service I want to let the society know for two reasons: first, to market ourselves; and second, to encourage other companies to participate.” P9

2. Communicating

“It's high importance to re-assess your previous year activities and to communicate with and show your stakeholders what exactly you are doing for the purpose of sustainable development and to show what's your commitments/agenda for the next years.” P17

“...we use internet to communicate with our staff in this regard.” P6

3. Accord with regulations and policies

“The information disclosed has to be allowed by our partnerships and the regulations.” P4

“Usually the company releases such information through its general affairs department which is the facade of the company regarding what is to be published in media. This allows us to be sure that the information released are is the correct one.” P7

4. Cooperation and gaining more loyalty

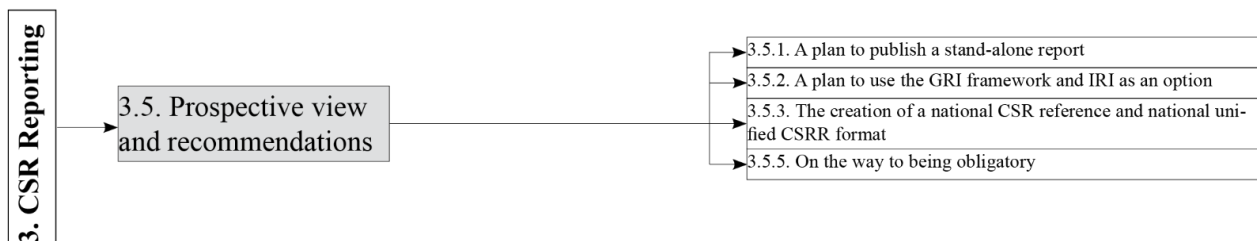
“Dissemination of information, enhancing loyalty, and cooperation with external entities...for example we cooperate with the General Drug Department, through lectures, awareness, support, organising open days, etc,” P6

5. Avoid criticism

“We are in a climate where people wouldn’t be tolerant of any negative information so companies don’t disclose any negative aspects about their activities.” P4

“Disclosure is selective and focuses only on the positive issues because we are in a competitive environment and we don’t want to face public opinion.” P4

5.3.3.5 CSR Reporting: Prospective view and recommendations



1. A plan to publish a stand-alone report

“... for this standalone report, we are planning to do, but to tell you frankly, we don't know when we will be ready or able to deliver it. This is part of the strategy, and we have the intention to that.” P10

“We hope in the coming years to have a separate report about social responsibility.” P6

2. A plan to use the GRI framework and IRI as an option

“...most probably we are going to go with GRI.” P10

“If a corporation is obliged for any reason to issue a CSR report it is more likely will follow the GRI guideline.” P15

“In my opinion, there is no single framework that could cover all the needed results or outcomes, however, companies could use more than one framework for their annual

sustainability report. GRI is the most used framework but other frameworks are good too.” P17

“...we also are studying some new initiative with Islamic reporting.” P10

3. The creation of a national CSR reference and a national unified CSRR format

“-My recommendation is to develop a national format that has general useable features and easy to use.” P3

4. CSRR is on the way to being obligatory

“...because as I believe disclosure will soon be obligatory.” P5

Q. Do you think that SOCPA (Saudi Organization for Certified Public Accountants) have a role -or will have- in CSR disclosure?

-Yes, only if disclosure is mandatory, as it is the case now with Zakat, they are requested to disclose their profits and losses to estimate it. The same will then be applied on the CSR.” P13

“I believe it should be (and this is my own term) "smart mandatory". i.e. giving privilege by the government to those companies who contribute to build society through CSR...”

Diagram 5.3: Axial coding analysis (CSR Perception in the Saudi Context)

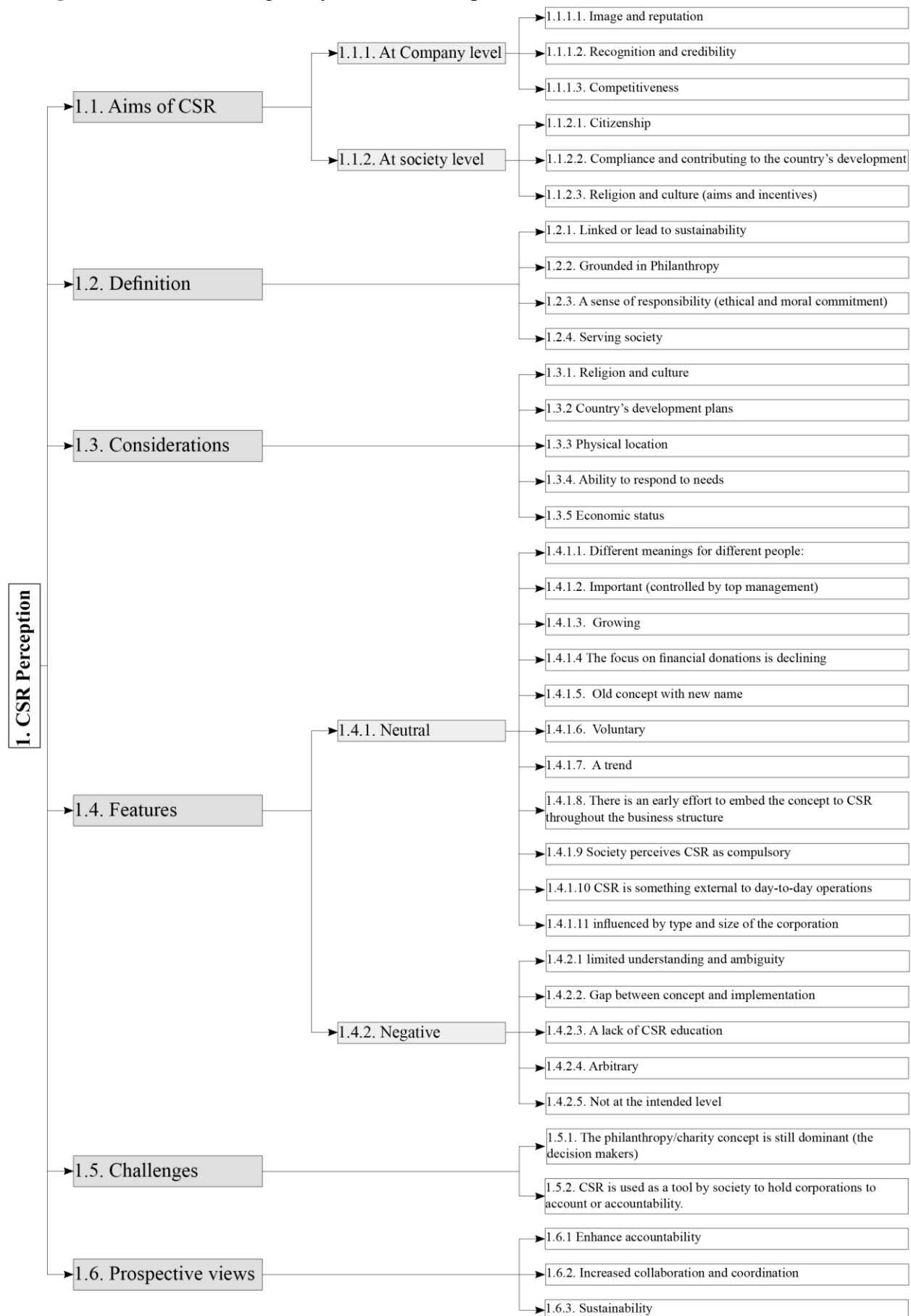


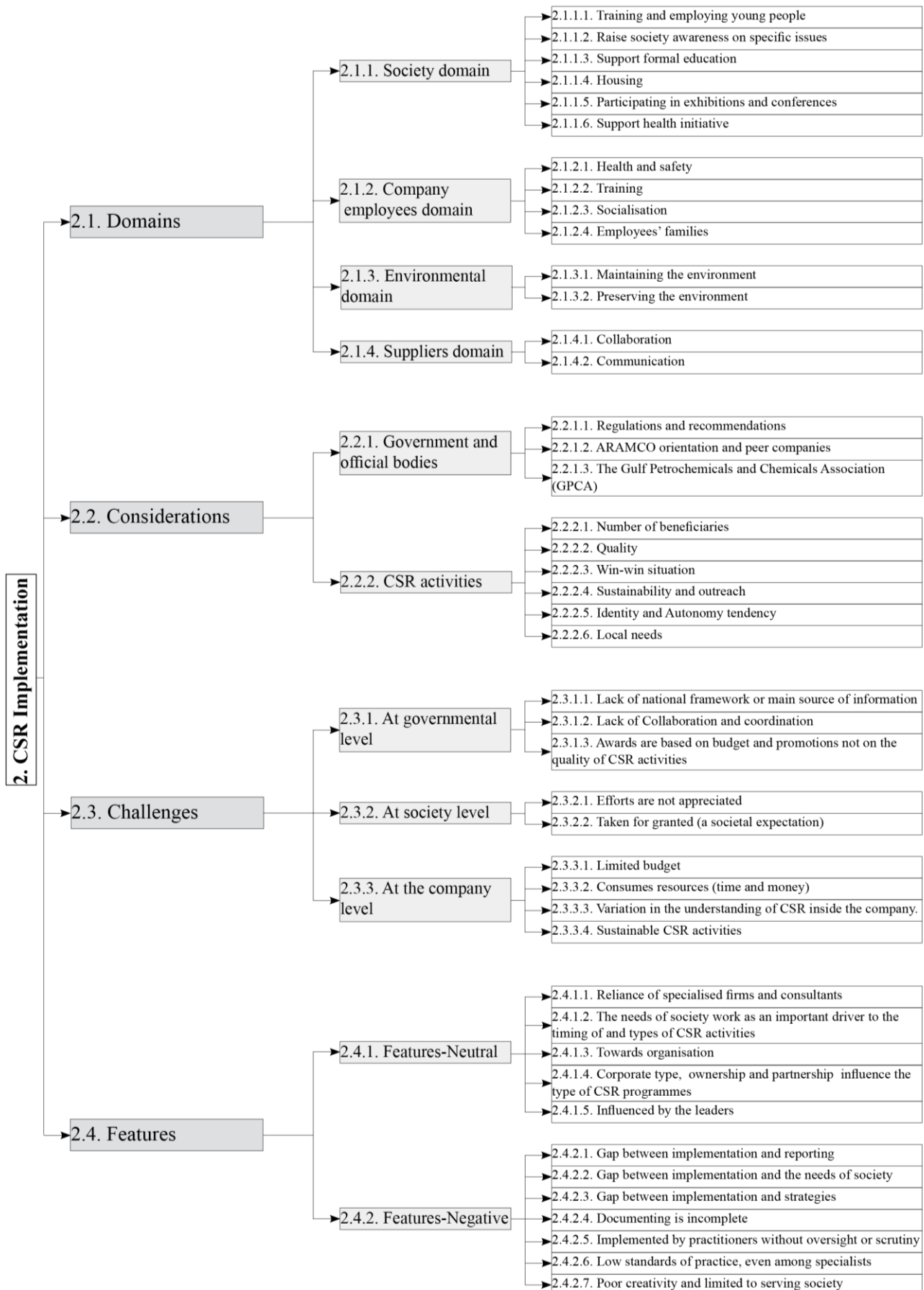
Diagram 5.4: Axial coding analysis (CSR Implementation in the Saudi context)

Diagram 5.4: Axial coding analysis (CSR Implementation in the Saudi context (cont.))

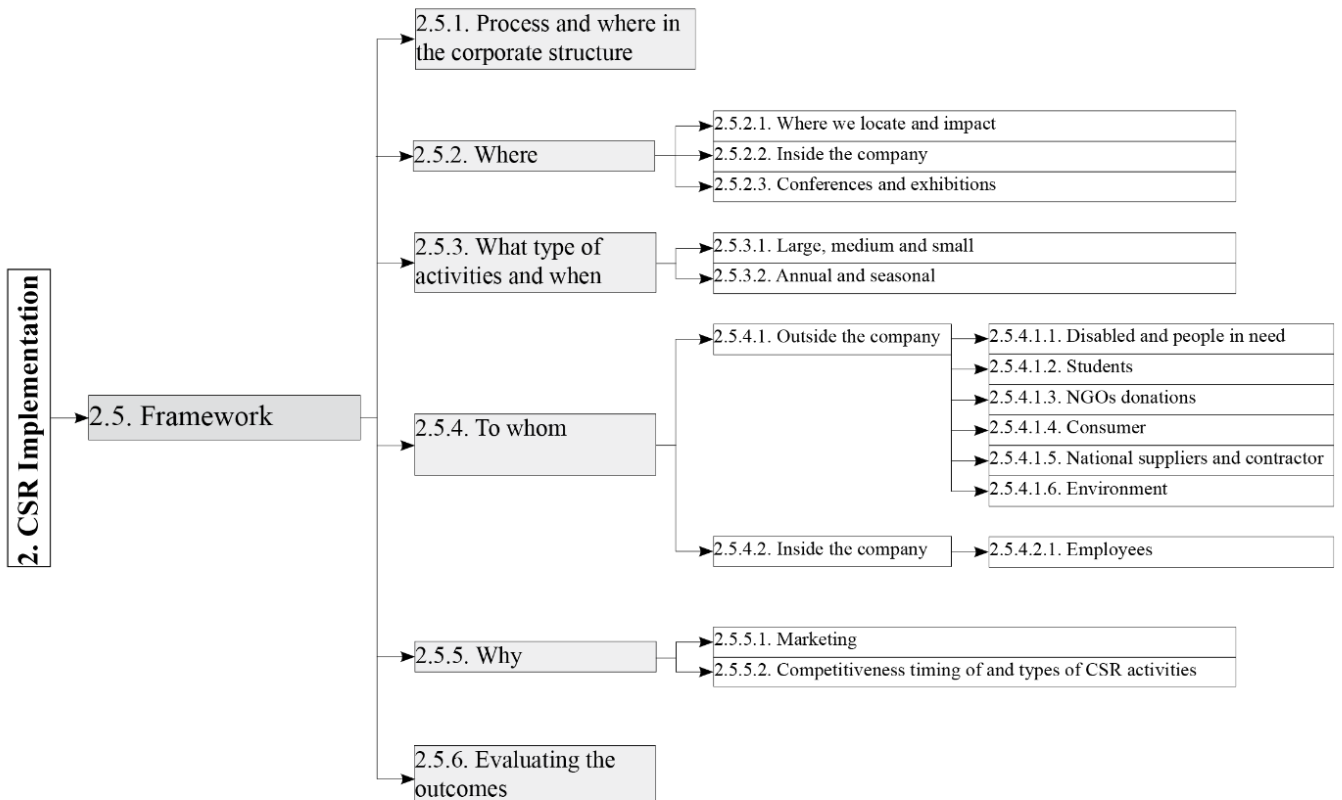
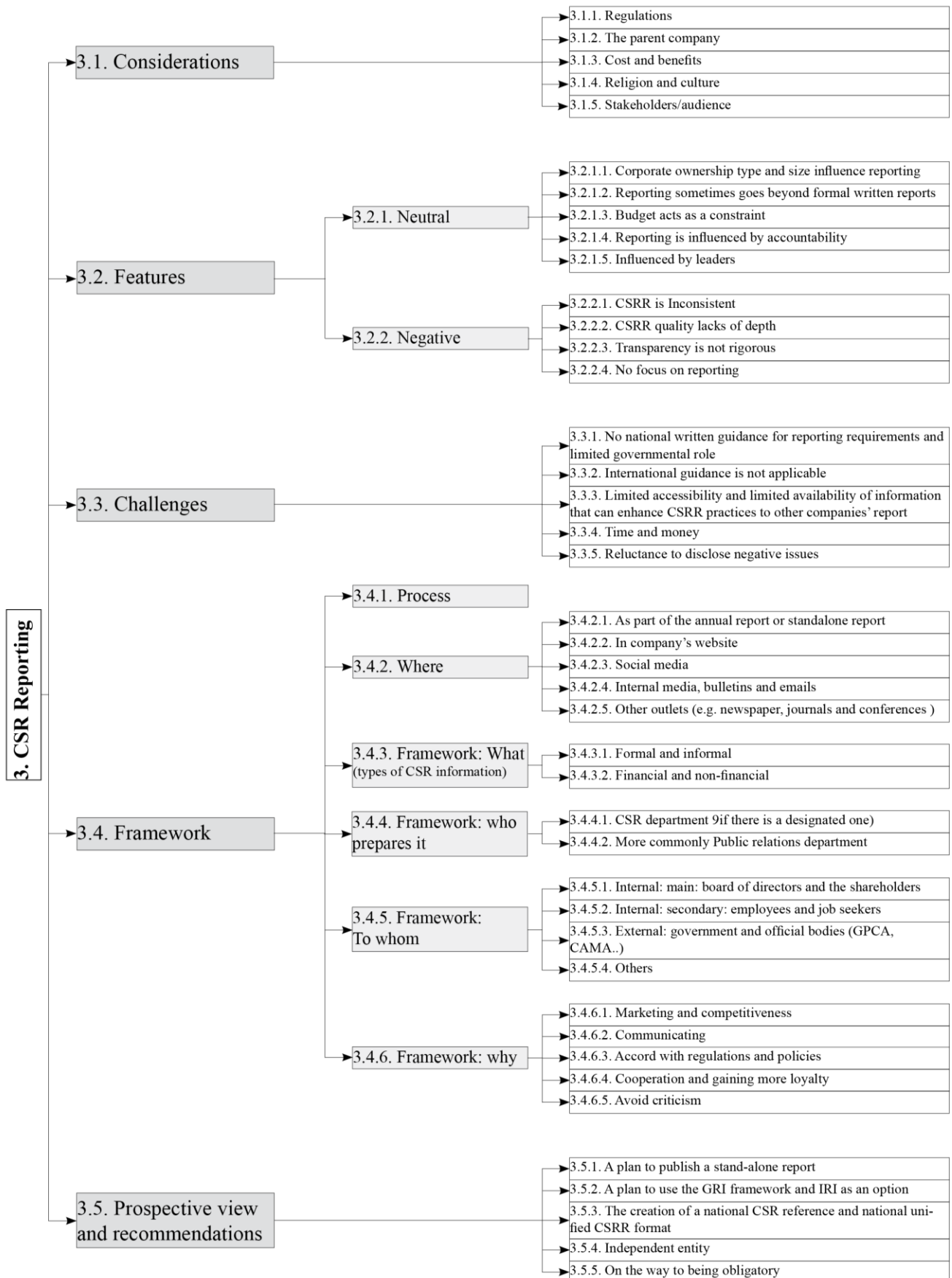


Diagram 5.5: Axial coding analysis (CSRR in the Saudi context)

5.4 Axial Coding Findings: Summary and Discussion

Based on both the results of the open coding analysis and additional interviews, further filtering of the open codes was carried out. The axial coding stage of the analysis resulted in a comprehensive and detailed picture of the reality of how Saudi companies perceive CSR, how they implement this concept, and finally how they report on CSR activities. Understanding how CSR is perceived and implemented allows for clearer understanding regarding CSR Reporting.

CSR Perception is the first concept in the axial coding analysis where analysing the data led to the identification as part of the findings of this thesis of six aims for Saudi companies for adopting CSR; four different definitions of CSR; five considerations regarding when it is adopted; sixteen neutral and negative features, two challenges, and three recommendations.

The six **aims** of CSR identified by this research are, enhancing the company's image or its reputation, being recognized and enjoying a certain level of credibility, enhancing the competitiveness of the company, integration within society through the concept of citizenship, contributing to the country's development and following the Islamic and cultural principles. The first three aims shed light on the importance of dealing with CSR as a business case; however, the other three aims of adopting CSR shows the desire for integrating the company within society via the concept of citizenship, and also via the contribution to the country's development plans. In addition, the essence of CSR can be linked to many Islamic principles such as collaboration, giving and charity (*Sadaqah*), helping each other, honesty, transparency, and so on. Promoting Saudi culture, which is deeply rooted in Islam, is another aim. Organisations engaging in CSR behave in a manner that reflects accepted religious and cultural norms, especially those related to social organisation, social institutions, literature, and the position of women in society.

The analysis in this chapter has demonstrated that it was not easy for the informants to provide a clear **definition** of CSR. Therefore, CSR is perceived differently in Saudi companies. While it is often seen as a synonym for, or strongly linked to, sustainability, it also incorporates other meanings: philanthropy, a sense of responsibility, and developing social services such as health.

Informants identified a number of **considerations** that are important to be considered when discussing CSR as a concept. As well as religion and culture, government plans — especially Saudization — are seen as important aspects of CSR. In addition, other considerations include

the physical location of the company, the ability to respond to need, and the economic status of the country.

The data showed that CSR in Saudi Arabia is **featured** as an important concept that why it is directed in many cases by heads of departments from across the organization and in some cases by a committee chaired by company's president.

Another feature of CSR in Saudi Arabia is that there is a growing awareness among companies and society of the concept. This upward trend seems to be the result of the increased interest by government departments and official and unofficial bodies in the country. However, it is still voluntary, arbitrary, unregulated, fragmented, and not at the desired level. Some informants pointed to the lack of CSR education which may explain the variation in understanding of CSR either by CSR practitioners or society. This reflects the need for more development regarding CSR education and implementation by companies and wider society. Indeed, there is no official body specialising in CSR issues in Saudi Arabia and only scattered efforts regarding raising awareness of these issues.

The perception of CSR differs from one person to another, whether inside or outside the company. The term CSR is a recent addition to the vocabulary of its users in Saudi Arabia. However, this variation in understanding of what CSR is seems to be more about the components of the concept rather than the general conceptual meaning. There is no consensus regarding whether a company's CSR activities should be limited to external activities or also encompass internal issues. Some informants view CSR as an extra burden that is external to day-to-day business operations. Others see CSR as necessarily part of the business as a whole.

There is a difference in perception of CSR provision between companies and members of society. Members of Saudi society often see voluntary CSR activities once they are provided turn out to be obligatory. This is another example of the necessity for standardisation, regulation and public awareness initiatives.

The data also shows that CSR in Saudi Arabia is shifting from a tendency towards charitable donations to engagement with a range of other activities. The CSR concept in SA is **challenged** by the dominant the philanthropy/charity concept which often does not allow more creative efforts and CSR implementation is restricted to limited application.

The concept of CSR is seen by some informants as something that can be used by society for holding companies to account. This may be a barrier to widening CSR participation among

companies who are concerned that they will be vulnerable to criticism from external bodies or the general public.

CSR Implementation is the second main concept in axial coding stage where analysis of the data was extended to examine how CSR concept is implemented by Saudi companies. The second concept discussed in this chapter is the concept of CSR Implementation. The analysis resulted in four main categories for CSR implementation, namely: domains, considerations, challenges, features and framework.

In terms of the **domains of implementation** there are many and various initiatives that are labelled as CSR ‘programmes.’ if it is ongoing and an ‘activity’ if it has been completed. This is another example of the fluid nature of CSR and its definition in Saudi Arabia at the time of writing. The data shows that the Saudi companies direct their CSR initiatives mainly to serve society. Serving society includes activities supporting health, education and housing. This evidences the view that CSR is often seen as something external to business operations. The other domain is concerned with company employees where companies ensure a healthy and safe work environment, provide a suitable training and create efficient social networking. the environmental domain includes maintaining and preserving the environment. Also, by collaborating and communicating with suppliers, companies practice their CSR by working with ethical suppliers and providing guidelines for best practice based on the needs of Saudi society. Another aspect of this domain is that a company using and encourages Saudi suppliers will see this as CSR to meet criteria of the national development and economic plans set out by the government.

Companies have to take into **consideration** any related government regulations and those enforced by any other related bodies, the Gulf Petrochemicals and Chemicals Association (GPCA) for example. This is particularly the case regarding those of an environmental nature. Government recommendations are also expected to be followed, even if these not are legislated. According to the informants, Saudi companies in many cases tend to model their CSR practices of Aramco and its peers when implementing CSR.

Also, there are some other considerations related to the CSR activities such as the number of the beneficiaries; the quality of the CSR programme and its sustainability; local needs; if it is a win-win situation; and the identity and autonomy tendency. However, even though the informants highlighted the importance of a programmes’ quality, there is an apparent lack of systematic performance measurement. In addition, the win-win situation and the companies’

tendency to handle the whole CSR process, rather than collaborate, emphasises the importance of the business case concept when applying CSR. Defining local needs mainly depends on unofficial opinions shared by members of the company or the practice of imitating other successful practices of other companies. This accelerates the importance and the serious need for more collaboration and more standardization.

CSR implementation in SA encounters three categories of **challenges**. The first group is related to the Government and a lack of national framework or main source of information. Although the Government encourages CSR it does not proactively facilitate or guide collaboration and coordination between companies but leaving this to voluntary efforts by individual companies. Another group can be assigned to societal issues. Public opinion directs pressure onto companies regarding CSR activities. In addition, as mentioned above, the public often take CSR activities for granted. If the expectations of the public differ from the intentions of the company problems can arise. The third group is focused on the company. CSR activities obviously take time and money to put into effect; therefore, some companies resent the added burden. This can be compounded by the different levels of understanding regarding CSR within an organisation.

The analysis shows a number of **features** of CSR implementation highlighted by informants. Firstly, there has been an increase in reliance of specialised firms and consultants. This is evidence that most CSR activity is outside of the core business of Saudi companies. Another feature is that while CSR remains arbitrary in Saudi Arabia, there is a growing tendency for companies to organise their CSR activity more effectively and companies are steering away from merely engaging in financial contributions. An important feature is that the quality of CSR activities carried out by companies is highly dependent upon the commitment of those leading CSR within the organisation. Although the informants regularly stated that CSR programmes are tailored to serve the needs of society, they also often confirmed that a feature of implementation is that most companies participating in CSR are focusing on what serves the company image. A feature identified from the data is that companies include details of CSR in mission statements (for example, on the company website), but few have a clear and systematic strategy. As a result, such activity tends to be driven by PR, HR and marketing departments and is seen as a business benefit rather than a CSR-centred strategy. An occasionally related feature is that individuals or teams may be given responsibility for a company's CSR activities; however, they may not fully understand what is required and may not be motivated in the role. In these circumstances, the lack of oversight will reduce the quality of CSR implementation.

The **framework** created from the data analysis shows the kind of process that implementation undergoes inside a company, details about where, what, to whom, and why CSR is implemented, and finally how it is evaluated.

According to the informants, it seems that although some companies have started to create CSR departments, CSR is generally practiced through an interdepartmental committee or a PR department. However, few big companies that are operating under a global name incorporate the process in their sustainability strategy. CSR activities are generally practised where the company is located as this is convenient, cost effective, and reflects the impact of business operations on the local population or environment. One informant classified activities as large, medium and small.

CSR activities are usually targeted at seven types of beneficiaries: six of which are outside the company and one inside the company. Outside the company, CSR is directed at: disabled and people in need; students; NGOs; consumers; national suppliers and contractors; and the environment. Inside the company, the beneficiaries of CSR activities are the company's employees and their families. And again, the main reasons which were highlighted by the informants for implementing CSR: marketing and competitiveness.

Evaluating CSR performance seems to be applied on very basic levels due to the level of understanding regarding the concept, as well as the ability to measure outputs — especially social impact.

CSR Reporting is the third main concept in this stage of the analysis. Five similar categories and the subcategories as used under the headings CSR Perception and CSR Implementation form a guide: Considerations, Challenges, Features, Framework and Prospective View.

Not only are the legal regulations and parent company's policies taken into **consideration** and important for CSR reporting, but also the programmes' cost-benefits, religion and culture, and the views of stakeholders.

Even though, legal regulations (for example, GPCA, SAMA, Ministry of Energy, Industry and Mineral Resources) are mainly focused upon environmental issues, there are some other regulations and recommendations related, for instance, governance and reporting in general that affects CSRR and considered when practicing CSRR. Reasonable enough that the parent's

company reporting policies is another consideration. Add to that, the balance between cost of reporting and the expected benefits is present and considered when undertaking CSRR.

Saudi culture values qualities that are rooted in Islam, such as trust, transparency, honesty nature of relationships between members from a company and society. However, these values are more vivid in family owned companies than public companies.

Another CSRR consideration is the users of these reports. The Government is seen as the most important external stakeholder and this is mainly for security reasons. Nevertheless, internal reporting is seen as equally important in order to assist the board of directors and meet shareholder expectations. Recently, Saudi companies started to encompass media to its considerations for its vital influence on forming public opinion.

On the findings of the category of CSRR **features**, the type of company ownership (for example, public company or family-owned company) is shown to influence reporting by the data. Although publishing CSR information is voluntary, companies such as limited liability companies may allowed to report and publish qualitative CSR information but not financial information unless reported to internal use. This is not the case for public companies as this is mainly linked to a company's strategic- orientation so we may see the CSR details is presented in different ways from year to year. A family owned company, according to informants, may prefer not to disclose any CSR details because of a religious reason, which encourages a person to hide donations.

The company's size also has an influence on reporting. Big companies are more visible to their stakeholders especially the shareholders and the government, this visibility leads large companies to be more willing to disclose information to meet the stakeholders' expectations and to avoid any political costs. In addition, large firms have the capacity to develop their disclosure levels.

Informants noted that CSRR can be less formal than an official document. For example, marketing departments might use social media to promote awareness of particular programmes that enhance the company image. The data also shows that a limited budget may act as a constraint to reporting and public relations departments generally prepare the report.

An important feature of Saudi CSRR is that reporting is influenced by accountability within the company of those leading on CSR, as well as levels of external scrutiny. Likewise, the influence of leaders on CSRR was confirmed by informants.

Some negative features were picked from the data regarding CSRR in Saudi context. For instance, there is no real focus on reporting and the CSRR is inconsistent not only within all groups of companies but also within individual companies. CSRR features with lack of depth which affects the standard of reporting, and has transparency issues such as a lack of detail and the tendency not to report negative incidents. There is no clarity regarding standards nor are there clear benchmarks.

There are a number of **challenges** to CSRR. Firstly, there is no national written guidance for reporting requirements and limited governmental role oversight. International guidance tools for CSRR — for example, GRI and ISO 26000 — are not seen as user friendly. Informants explained that these guidelines suit large companies and are over complicated. The limited access to other companies' reports prevents other organisations modelling good practice within the Saudi context. Time and money that needed to exercise a higher CSRR level is seen as a significant challenge by some informants. There is a clear reluctance to make negative disclosures, thus limiting the value of CSRR in some cases.

A **framework** of CSRR was developed from the data analysis. The findings show where CSR reports are displayed, what type of information is disclosed, who prepares the reports, to whom these are provided, and finally why they are prepared. The information can pass through many channels. Saudi companies disclose CSR information via any means that they consider appropriate due to the lack of a formal mechanism for CSRR. Dissemination of CSR-related information can be via a standalone report, on the company website, through the use of social media, internal media, staff bulletins or emails. Other outlets include newspapers, journals, conferences and exhibitions.

The **type** of CSR information disclosed varies from formal to informal. The information might be financial or non-financial depending on the purpose and audience of the report. Reports can be prepared by a dedicated CSR department, a public relations team, or a general affairs department. Internal recipients of CSRR include the board of directors and shareholders. Such information can also be directed to staff members. External audiences for CSRR include government and official bodies, investors (current and potential). There is an argument that CSR reports should be disseminated to others; for example, the general public or NGOs; however, this practice is not widespread.

A number of **reasons** why companies engage in CSRR are identified in the data analysis. These include marketing and competitiveness; communication of achievements and aspirations; to

meet the requirements of regulations and policy; to engage in cooperative endeavours with external parties; to increase brand trust and loyalty; to avoid criticism of irresponsibility; and media pressure.

After shedding light on the reality of the three main concepts; CSR perception, CSR implementation and CSRR it is important to note that even though there is a variation in understanding of CSR, it is apparent that companies recognize their responsibility at a conceptual level; however, the level of implementing the concept does not reflect that understanding. Saudi companies in general limit their CSR programmes to what is commonly practiced by others with less creativity. One of the informants commented on this idea stating describing it as the '*comfort zones*' P14

There is a gap not only between the concept and the implementation but also between the implementation and the needs of society as the data confirmed that serving the aims of the business when applying the CSR initiatives is a priority.

Even more, if CSR implementation by a company is of high quality, reporting would not be at the same standards. As highlighted earlier in the description of the reporting, CSR disclosure lacks depth and details and has transparency issues. Thus, another gap is recognised between CSR implementation and CSR Reporting.

5.5 Conclusion

This chapter addressed the second stage of the analysis starting with the strategy of the analysis at this stage, showing the process and detailing the findings. It is important to emphasise the inseparable process between the open coding (chapter 4) and the axial coding as the data investigation is iterative. Another round of the interviews resulted in re-assembling the open codes and allowing for several subcategories and relationships to be developed. This further distillation led to build a full and clear picture for three principal and interconnected concepts (CSR Perception, CSR Implementation and CSR Reporting). These are rarely explicitly discussed, detailed and portrayed together in one portrait in the literature. The detailed picture for the three concepts answers the first research question, which seeks to explore the managerial perspectives of the practices of CSRR in the Saudi context. Also, it builds the infrastructure for the next stage in the analysis (the selective coding) that will be discussed chapter 6. A detailed description to the components of CSR perception, CSR implementation and CSRR were

explained textually and diagrammatically (diagrams 5.3, 5.4, 5.5) in the chapter in addition to the process of how they were constructed. The analysis at this stage resulted in many significant findings. The investigation into the CSR perception showed that there is no definitive conclusion on one meaning of CSR among the participants, however, there is a consensus on its importance. While there are several aims to adopt the concept within the Saudi corporations, it seems that some tend to see CSR through the lens of the ‘business case’ (for example, enhancing company’s image, credibility and competitiveness) but the others tend to follow the Islamic and cultural principles. The arbitrary CSR practices and the variation in understanding of CSR, either by CSR practitioners or society may reflect the fragmented efforts by the government and the education system. The CSR concept in SA is challenged by the dominance of the philanthropy concept which does not often allow more creative efforts.

The discussion in this chapter also showed that CSR implementation is restricted to limited application and mainly targets community and employees, however, it considers- among some other considerations- the regulations and what is commonly practiced by peer companies. Regardless of the challenges highlighted in the findings, CSR activities’ lack of creativity in many cases adds to the apparent lack of systematic strategy and performance measurement. Thus, CSR activities carried out by companies is highly dependent upon the commitment of those leading CSR within the organisation. A framework that details where, what, to whom, and why CSR is implemented is depicted and summarises many aspects of the implementation findings (see diagram 5.4).

CSR reporting, as illustrated in the chapter, tended to reflect a predominant business case view and the decision makers’ commitments towards CSR. Reporting appeared to be considered mostly compliant with the regulations, for example GPCA and SAMA as well as the parent company’s CSR policies. Reporting is influenced by some aspects such as the company’s size, culture and Islamic teaching and CSR programmes’ cost-benefit. In general, CSRR is mostly less formal than official documents and lacks depth and detail. However, the users of the reports can affect the timing, the type and the details of the issued report. Recently, Saudi companies started to encompass media in its reporting channels for reasons such as the low cost and outreach efficiency. Saudi CSRR is influenced by accountability within the company of those leading CSR, as well as levels of external scrutiny. CSRR is challenged by the absence of national written guidance for reporting requirements and limited governmental role oversight. As in CSR implementation, a framework for CSRR was developed (see diagram 5.5) which

summarises where and what type of CSR information is displayed, who and to whom it is reported and also shows number of reasons why companies engage in reporting.

The key conclusion of this chapter is that there is no high importance given to CSRR by Saudi companies and also there is an evidenced gap not only between how CSR is perceived and implemented, but also a gap between how it is implemented and reported.

The next chapter discusses the third stage in the analysis (selective coding) which will build on the findings of this chapter to derive an explanation as to what shapes the CSR practices in the Saudi context.

Chapter 6

Selective Coding Analysis: Mapping the Territory of Saudi CSRR

6.0 Introduction

Chapters four and five addressed the open and axial coding stages of the empirical analysis. The current chapter continues the iterative investigation aiming to finalise the analysis by developing a grounded theory that can provide an interpretation of CSRR practices by Saudi corporations. This stage of the analysis-the selective coding- focuses on identifying the core category and systematically finding the relationships between the other categories and the core category. It involves refining and integrating the categories to generate the theory that is grounded in the data.

This chapter presents the systematic process that is used to arrive at the theory. The process involves five phases (diagram 6.1) which are all discussed in detail. A brief overview of the five phases and a diagrammatical illustration are introduced first in section (6.1). This is followed by a gradual discussion of the five phases. Section (6.2) discusses how the propositions in the axial coding findings were re-examined and separated into influential factors and descriptive factors. Section (6.3) highlights the process of identifying the core categories based on the result of the previous phase. Section (6.4) demonstrates the roles of the core categories and highlights the relationships among them. Section (6.5) provides a comprehensive overview with an explanation of the delimited and refined categories and highlights the core category/concept that have the strongest explanatory power. Section (6.6) is the final phase in the analysis process where all the concepts have been theoretically saturated and where the grounded theory is arrived at. In the section, the grounded theory is explained and presented in a model which maps the territory of CSRR. Section (6.7) concludes the chapter.

6.1 Overview on the structure of the selective coding and its five key phases

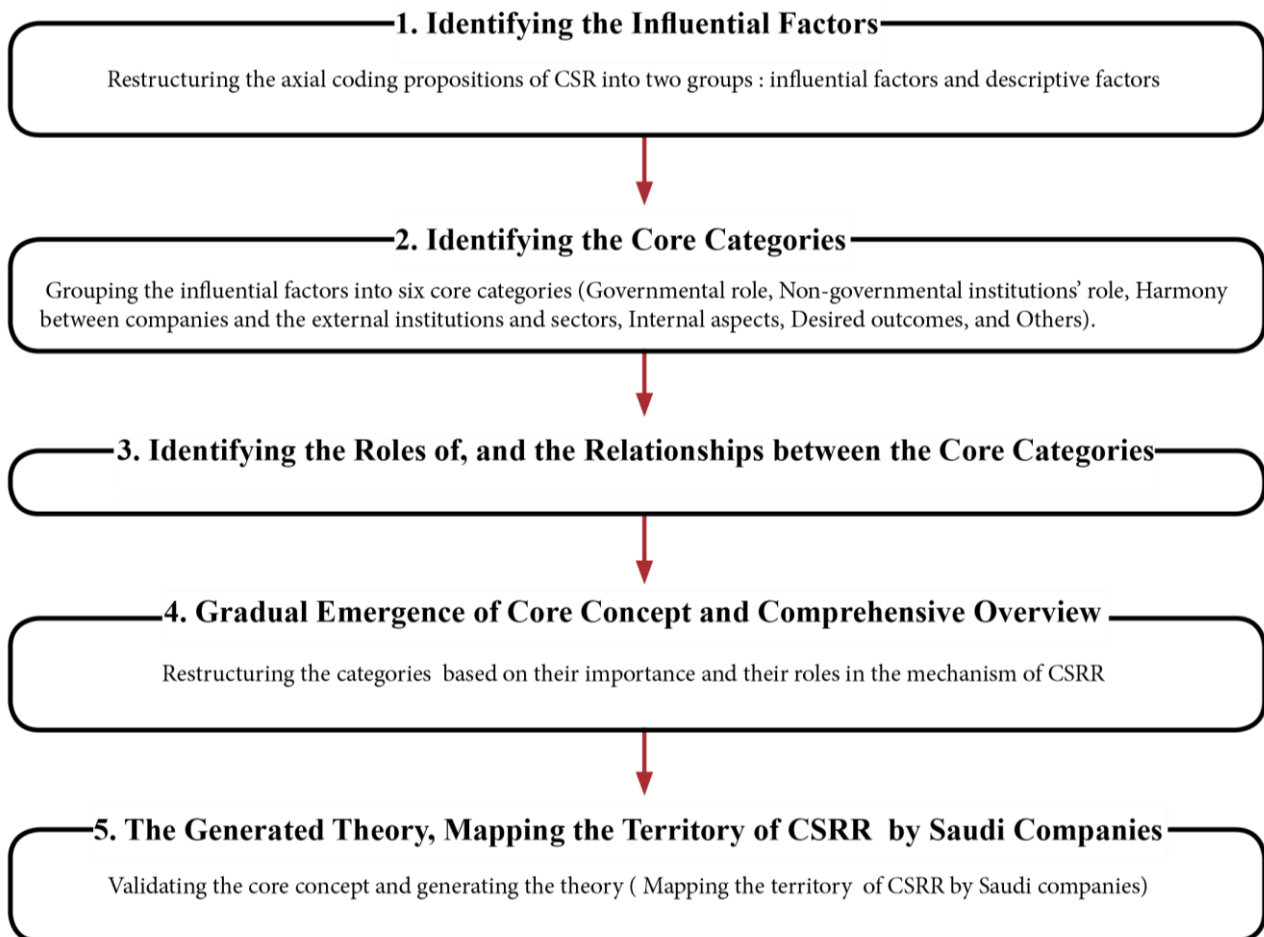
This section is to outline, in general, the five phases of the selective coding process. The purpose of this briefing is to ease tracking of the analysis evolution. However, every phase will be discussed in detail in this chapter.

“Selective coding is the process by which all categories are unified around “core” category, and categories that need further explication are filled- in with descriptive detail. This type of coding is likely to occur in the later phase of a study” (Corbin and Straus, 1990, p. 14). After axial coding, coding is therefore continued until the emergence of a core category. However, the process of delimiting the codes to those relevant to the emergent theory, in addition to identifying the core category, involves five phases (see diagram 6.1). To explicate a storyline for this process, the aim was outlined to refine the categories and the sub-categories- using continuous comparison method. Hence, the intention was to identify the core categories and their interrelationships (Strauss and Corbin, 1998) until the grounded theory is arrived at.

Four interviews were conducted (the third round of the data collection) through the whole process of the selective coding stage either to find an answer to an inquiry or to validate a relationship. One of the new interviews was with a consultant who specialises in CSR programmes, two interviews were conducted with general managers, one of them is the head of the CSR unit in his company, and the fourth interview was with a vice governor.

Based on this aim, the evolution of the selected codes began targeting the factors that might have an influence on companies’ CSRR behaviour. As will be explained further in a following section, the codes in the axial coding stage were segregated into ‘influential factors’ and ‘descriptive factors’ to build the rest of the analysis on the selected influential factors only. In further examination/ phase 2, those influential factors were recategorized into six core categories; governmental role, non-governmental institutions' role, harmony between companies and external institutions and sectors, company’s internal aspects, desired outcomes, and others. The third phase focused on understanding and determining the roles and the interrelationships between these core categories. The fourth phase is concerned with understanding and validating the importance of each category, its propositions and its relationships. Based on their validated importance and their roles in the mechanism of CSRR, the factors were then restructured in order to identify the core category and to generate the CSRR theory.

Diagram 6.1: Evolution of the analysis of selected codes analysis



6.2 Selective Coding Analysis (1): Identifying the Influential Factors

Grounded theory advocates a continuous interplay between analysis and data collection (Myers, 2013) and similarly “constant comparative method” (Glaser and Straus, 1967, p. 105). Therefore, the iterative investigation is also applied to the current stage of the analysis to finally select the core category that represents the main analytical idea in the research. To start this process- shown in diagram (6.1)- the axial coding categories and sub-categories were utilised for further theoretical densification of concepts and to help guide what data to collect next.

Through an interpretive lens, deductively, the latent meanings in the findings of the axial coding stage have been re-examined and then reformed into two main points of concentration: descriptive factors (DF) and influential factors (IF). DF are those factors which only describe

the given categories and their subcategories, with no clear impact on their behaviour. IF have the capacity or the power to exert influence on the given categories and their subcategories. The initial criteria that have been used to segregate IF from DF is to exclude the latter first because they are clearer to define. A simple question was applied to aid the separation process, which was: if this factor changed, would there be any difference on the CSR perception, CSR implementation or CSR reporting? If the answer is instant and a clear ‘No’, then it will be considered as a DF, otherwise it will be an IF. For example, the factor ‘reporting’ goes beyond formal written reports as a feature of reporting is just a descriptive factor, with little or no possibility to see this as an influential factor. The factor ‘marketing and competitiveness’ under the CSRR framework category cannot be defined as a descriptive factor, because the image and reputation work for a company as an aim to adopt CSR. However, there is no doubt that one can see some descriptive factors as influential factors in some way or vice versa, but the criteria here is to depend on a direct and clear relationship between the factor and the category that it is related to.

Having initially identified the IFs and the DFs, the results was then rechecked against the data (participants’ transcripts) to validate the segregation and to make sure that all the parts in the findings are grounded in the data. There are some indicators in the data which substantiated the views that separate the factors to either IF or DF. By returning to the transcripts, I was looking into the interviewees’ words, the nuance and the context of the factor being examined. Expressions like ‘we have to ...’, ‘because of [something]’, ‘it is important’, ‘it should be’ or ‘should not be’, ‘mainly driven by’, the majority can be attributed to...’, ‘play part’, ‘key drivers’ and so on, served as useful indicators of what is an influential factor. The result of this examination led to establishment of a set of influential factors which most likely play an important role in shaping the CSRR practices in the Saudi context. It is an important step- even early on- of forward generating the grounded theory.

For more clarification, table (6.1) presents the IFs and the DFs in conjunction with some examples of the participants’ quotes. The table is designed in a way that can easily bridge the analysis between the axial coding and the selective coding. Therefore, the table applies the same order of the categories, sub-categories and the propositions of CSRR in the axial coding findings (see chapter 5). The first column presents the categories enhanced with a short description about it. The second column presents the sub-categories (if available) and their propositions substantiated with the interviewees’ quotes. It is noteworthy that every proposition

is labelled as either a (IF) or (DF), demonstrating the result of this phase- the first one- of the analysis.

Table (6.1) Selective Coding Analysis (1): Influential factors

Corporate social Responsibility Reporting (CSRR) in Saudi Arabia	Influential factors (IF) / descriptive factors (DF) (supported by the data)
<p>CSRR Considerations</p> <p>All the five CSRR considerations are nominated as influential factors because of their high potential impact on the form and the content of CSRR. For example, the legal requirements and the parent company will expect a specific form and content of CSR information, and as thus companies are expected to follow these requirements to show their compliance. Similar analysis can be denoted to religious and cultural norms. Media pressure as a reflection to public demands is also expected to direct the companies towards more CSRR. Balancing between the company's costs and its benefits also has an impact on both the CSR activities and the details provided in the report.</p>	<p>1. Regulations → (IF)</p> <p>(GPCA, CAMA, Ministry of Energy, Industry and Mineral Resources for example)</p> <p><i>".. In terms of disclosure, we have to follow the Saudi regulation. We are also a strategic company in oil and gas."</i> P10 (Corporate Social Responsibility Unit Head)</p> <p>2. The parent company and partnerships → (IF)</p> <p><i>"Having said that the high perception from these companies [big names] is not because there is any regulation in Saudi Arabia but rather because of the perception from the mother (principal) to follow high standards of sustainable development."</i> P17 (CPA)</p> <p>3. cost and benefit (win-win) → (IF)</p> <p><i>"Shareholders don't want us to waste money in programs that are useless, but, at the same time, it's important for the branding of the company, ... Then it's [there is] always a balance This is also an important point."</i> P10 (Corporate Social Responsibility Unit Head)</p> <p><i>"It is a real challenge how to achieve the balance between being socially responsible and showing that and at the same time be profitable."</i> P15 (Head of Saudi Net for CSR)</p> <p>4. religion and culture →(IF)</p> <p><i>"I believe that reporting should be global and should not discriminate based on from where or for whom... we should make sure that they comply with the rules of the Islamic Sharia."</i> P18 (General Manager, CSR Unit)</p> <p>5. stakeholders/audiences →(IF)</p> <p>(ex. Government and board of directors)</p> <p><i>"The government may ask for a detailed report for security reasons so the company is responsible to provide this type of reports."</i> P11 (Vice Governor, Consumer and Service Provider Affairs)</p>

	<p>6. Media pressure →(IF)</p> <p><i>“...Therefore, SR programs by the few Saudi organizations who have such programs are mainly driven by either informal public demands mainly through media channels or self-initiatives by visionary leaders of these organizations.” P11(Vice Governor, Consumer and Service Provider Affairs)</i></p>
<p>CSRR Features</p> <p>The analysis showed ten features for CSRR (six are neutrals and 4 are negatives). The neutral features that are related to the type of ownership and company size, the leaders, accountability, the responsible department and the designated budget, are nominated as influential factors based on the data analysis and the confirmation by the informants. However, the rest of the features are considered descriptive factors because most of their related data has no further information that can confirm any potential influence.</p>	<p><u>Neutral features</u></p> <p>1.voluntary → (IF)</p> <p><i>“In the broader context, and due to the lack of formal regulatory requirements, the majority of SR efforts and subsequently CSRR can be attributed to voluntary drivers.” P11 (Vice Governor, Consumer and Service Provider Affairs)</i></p> <p>2. Corporate ownership type and size influence reporting →(IF)</p> <p><i>“As an organization grows larger (or born large from the beginning), the exposure to the public and media becomes larger and so does the internal feeling among its leadership that there is a social duty to be served by the organization even in the lack of a formal external demand. This is particularly true in the case of large private companies that enjoy huge profits without paying considerable taxes to the government. Such companies have become under sharp criticism in the public media recently (e.g.; banks) for their lack of SR programs” P16 (Manager, Public Relation)</i></p> <p>2. CSRR is influenced by leaders →(IF)</p> <p><i>“Therefore, SR programs by the few Saudi organizations who have such programs are mainly driven by either informal public demands mainly thru media channels or self-initiatives by visionary leaders of these organizations.” P11 (Vice Governor, Consumer and Service Provider Affairs)</i></p> <p>3. CSRR is influenced by accountability →(IF)</p> <p><i>Q: “Do you see any link between accountability and CSR reporting?”</i></p> <p><i>A: Of course, there is a big tie.... All stakeholders are important, and they all share the issue of accountability and play part in this process.” P18 (General Manager, CSR Unit)</i></p> <p><i>"Accountability both formal and informal plays a crucial role in the creation of SR programs and the desire to reflect that in the corporate reports and PR productions.” P16 (Manager, Public Relation)</i></p> <p>4. Limited budget acts as a constraint →(IF)</p> <p><i>“If we have a bigger budget I would do a promo and upload this on YouTube or TV channel. So, the disclosure depends on the budget availability.”_P9 (Director, Communication and Public Relations)</i></p>

5. Reporting sometimes goes beyond formal written reports →(DF)

(may encompass press/ social media and word of mouth)

"...so, from your point of view, what are the ideal methods to convey the company's CSR strategies and activities?"

I believe any, (Annual reports, special leaflets, stand- alone reports, integrated reports, advertising, website, etc..... any established framework or guidelines that can translate the company activities into a report." P17(CPA)

Negative features

6. CSRR is arbitrary and inconsistent →(DF)

"The format and process of SR reporting in the annual reports is far from being consistent even within a specific organization year to year." P11 (Vice Governor, Consumer and Service Provider Affairs)

"Since SR is not driven by formal or legal requirements in Saudi Arabia, there exists no mandatory structure or format for its reporting. Therefore, CSRR tends to be arbitrary in nature as evidenced by the inconsistency by which SR reporting can be characterized." P16 (Manager, Public Relation)

7. CSRR quality lacks depth →(DF)

"I believe that CSR reporting is still not up to the required level, still shy, not in depth, not focused, and does not contain a lot of details..." P18 (General Manager, CSR Unit)

"So, there are a lot of issues that are not published in the annual report." P6 (Director, Public relations)

8. Transparency is not rigorous →(IF)

"...full transparency does not exist, as if it is existed it would provoke public opinion against the company." P4 (Head of the Women's Section, Social Responsibility Program)

"For example, the carbon emission is one of the things we have to be careful in the disclosure." P10 (Corporate Social Responsibility Unit Head)

9. No focus on reporting →(DF)

"Reporting on SR in Saudi Arabia, by governmental and commercial entities, is both a relatively new practice and quite uncommon." P11 (Vice Governor, Consumer and Service Provider Affairs)

1. No national written guidance for reporting requirements and limited governmental role in supporting collaboration

<p>CSRR Challenges</p> <p>The four CSRR challenges are considered influential factors because the informants attributed some results (for example the uncommon CSR reports) to these challenges, such as the legal requirements absence. The informants also assume that the availability of time and money can improve the quality of CSRR. Also, the fear of negative users' opinions may cause a reluctance to disclose negative issues.</p>	<p>between sectors and industries →(IF)</p> <p><i>“Reporting on SR in Saudi Arabia, by governmental and commercial entities, is both a relatively new practice and quite uncommon. This is mainly attributed to two factors. Firstly, there are no specific legal requirement for these entities to report their SR plans and programs. Additionally, unlike other countries where SR expenditures can be tax-deductible, Saudi Arabia, thus far, has no financial scheme for incentivizing SR programs. This situation renders the key two drivers for SR programs worldwide (I. E. Legal requirements and financial incentives) absent in Saudi Arabia.” P11 (Vice Governor, Consumer and Service Provider Affairs)</i></p> <p><i>“the high perception from these companies is not because there is any regulation in Saudi Arabia but rather because of the perception from the mother (principal) to follow high standards of sustainable development.” P18 (General Manager, CSR Unit)</i></p> <p>2. international guidance (GRI and ISO 26000 for example) is not applicable →(IF)</p> <p><i>“Except for organizations that have international operations or branches outside Saudi Arabia where legal SR requirements may be binding, the awareness of the existence of international SR guidelines is lacking, let alone the utilization or consideration to utilize such guidelines!” P16 (Manager, Public Relation)</i></p> <p>3. time and money →(IF)</p> <p><i>“that it [ISO 26000] might help us a lot but on the other hand it would take a lot of time and it might not benefit the company in an excellent way” P1 (Director, Communication and Public Relations)</i></p> <p>Budget or money</p> <p><i>“As SR is not usually driven by any formal requirements, the resources allocated to it can easily be overlooked in the planning process or be among the first cost-containment victims during tough financial times. Therefore, SR typically suffers from inadequate resource allocation.” P16 (Manager, Public Relation)</i></p> <p>4. Reluctance to disclose negative issues (users' opinion) →(IF)</p> <p><i>“We are in a climate where people wouldn't be tolerant of any negative information so companies don't disclose any negative aspects about their activities.” P4 (Head of the Women's Section, Social Responsibility Program)</i></p>
<p>CSRR Framework:</p> <p>1. Where (the means used to disclose CSR information)</p>	<p>1. As part of the annual report or standalone report →(DF)</p> <p><i>“CSR Reporting takes two types: within the annual financial report as an administrative expenditure not as CSR, the other type we find it in big companies in a separate report regardless of</i></p>

<p>The four mediums that are used to disclose the CSR information are considered as descriptive factors because the CSR report is the final product for CSRR process, and the informants are only giving descriptive statements about where CSRR can be found.</p>	<p><i>the content. they are issued every two years.” P15 (Head of Saudi Net for CSR)</i></p> <p><i>“When CSR is actually reported on, it usually is reported on as a part of the annual reports.” P11(Vice Governor, Consumer and Service Provider Affairs)</i></p> <p>2. In company’s website →(DF)</p> <p><i>“... and we have the website through which we publish our efforts in the CSR field.” P6_(Director, Public relations)</i></p> <p>3. social media →(DF)</p> <p><i>“...we use the available tools which is the social media of course...But the social media is the most used one in the percentage of about 80%, because as you know it is not costly and is very effective.” P5 (Representative, Public Affairs and Shareholders' Relations)</i></p> <p>4.internal media, bulletin and emails →(DF)</p> <p><i>“... it uses the annual gathering and screens inside the company” P1(Chief Public Relations Officer)</i></p> <p><i>“We also use email We have about 38 thousand staff members, of whom more than 20 thousand have access to email; we use the internet to communicate with our staff in this regard... We have like a monthly bulletin...” P6 (Director, Public relations)</i></p>
<p>CSRR Framework: What (types of CSR information)</p> <p>The two types are considered descriptive factors because the informants are only giving descriptive statements about the nature of the CSR information.</p>	<p>1. Formal and informal →(DF)</p> <p><i>“CSR reporting comes in two types: formal use and informal use...” P1(Chief Public Relations Officer)</i></p> <p>2. financial and non-financial →(DF)</p> <p><i>“For the time being, we are [have] financial and non-financial report together because we are reporting on CSR within our financial report.” P10 (Corporate Social Responsibility Unit Head)</i></p>
<p>CSRR Framework: Who prepares it</p> <p>The influence of the department on the reporting is clearly declared in the answer of the participant (P11, Vice Governor, Consumer and Service Provider Affairs), who pointed to that there is a potential separated section in the annual report if there is a separate department for CSR, and is more likely to find a fragmented CSR information in the report if there is no CSR department.</p>	<p>1. More commonly public relations department or general affairs department (if no CSR department is designated) otherwise the CSR department →(IF)</p> <p><i>“However, it is not uncommon for SR programs to be fragmented in several sections of the annual reports... The only exception to this situation is in organizations where there is an independent functional business unit that is responsible for SR. This business unit is then obliged, similar to the rest of the organization, to prepare, its annual report and, in fulfilment of this requirement, exerts every effort to facilitate SR programs in the organization and to eventually extract all relevant SR elements under a separate theme which then is highlighted separately in the annual report”. P11(Vice Governor, Consumer and Service Provider Affairs)</i></p>

	<p><i>"The department of public relations is the one that prepares this part actually." P6 (Director, Public relations)</i></p> <p><i>"...through its general affairs department." P1(Chief Public Relations Officer)</i></p> <p><i>"... the qualitative report is prepared inside the CSR department..." P3 (Supervisor, Social Responsibility Program)</i></p>
<p>CSRR Framework:</p> <p>To whom (targeted audience)</p> <p>Defining the users of the reports apparently influences not only the tool used to report but also the report content and its quality. Therefore, and as long as the CSRR is still voluntary, the reports will be tailored to fit the audience needs. For example, internal media and emails suit the employees and formal reports suit the board, the government, and the internet, social media especially suits other external users.</p>	<p>1. internal: main: board of directors and the shareholders →(IF)</p> <p><i>"...it is prepared mainly to the board." P8`</i></p> <p><i>"the reporting, it's mainly for shareholders" P1(Chief Public Relations Officer)</i></p> <p>3.Internal: secondary: employees and job seekers →(IF)</p> <p><i>"Probably you will have some job seekers who might be interested by the report...Then I believe maybe it can be an audience, but it's a secondary audience." P1(Chief Public Relations Officer)</i></p> <p><i>"...we use internet to communicate with our staff in this regard." P6 ((Director, Public relations)</i></p> <p>4. external: governmental and official bodies (GPCA for example) →(IF)</p> <p><i>"The government may ask for a detailed report for security reasons so the company is responsible to provide this type of reports.... these entities are legally required by the concerned governmental authorities to report on their financial as a means to guard against illegal activities." P11 (Vice Governor, Consumer and Service Provider Affairs)</i></p> <p><i>"...then we are making the exercise of reporting to GPCA... GPCA then consolidate that for the certified companies and produces a sustainability report." P10 (Corporate Social Responsibility Unit Head)</i></p> <p>6. external: others →(IF)</p> <p><i>"For me, the reporting, it's mainly for shareholders, investors.... In other countries I believe that NGO's are interested, but in Saudi Arabia, it's a little bit different.... I don't think that the public is very interested in this type of report in Saudi Arabia." P11 (Vice Governor, Consumer and Service Provider Affairs)</i></p> <p><i>"distributes them to the employees, other companies, other sectors, the charity institutions and in any forums." P3 (Supervisor, Social Responsibility Program)</i></p> <p><i>"... so, we follow the guidelines with the sister companies and of course, Aramco "the mother" P1(Chief Public Relations Officer)</i></p>
	<p>1. Marketing and competitiveness →(IF)</p>

CSRR Framework:**Why CSRR (desired outcomes)**

All the aims of reporting that are highlighted by the informants are nominated as influential factors because of their potential impact on the initial decision of reporting, and on choosing the type of information that is reported. For example, the aim of marketing or gaining more loyalty will lead to avoiding disclosure of the negative issues, and the compliance will lead to a disclosure of specific information that meets the legal requirements.

"From the company perspective, yes disclosure is important. ... first, to market ourselves; and second, to encourage other companies to participate." P9 (Director, Communication and Public Relations)

"If such awareness is there, and every company who's reporting is weak started to enhance it, other competing companies will do the same. It might not be out of the sense of social responsibility rather than competing with other rivals." P13

2. communicating →(IF)

"For the rest of companies in Saudi Arabia (90 %) whom are big but not affiliated or operate under a global brand or name, they are conducting sustainability from communication, marketing, and PR approach, unfortunately." P17(CPA)

"...we use internet to communicate with our staff in this regard." P6 (Director, Public relations)

3. accord with regulations and policies →(IF)

"We just have two externals. One is our financial report. It is the CAMA ... It's mandatory for publicly held company. The other one is through the association, the gulf petrochemical association." P10 (Corporate Social Responsibility Unit Head)

4. Collaborating and gaining more loyalty →(IF)

"Partially, SR is viewed by the leadership as a means for internal team-alignment and as a platform for creating a spirit of loyalty among its workforce to the corporation, as well as creating an external image of the organization itself being "a loyal citizen" to the larger Saudi society." P16 (Manager, Public Relation)

5. avoid criticism →(IF)

"Disclosure is selective and focuses only on the positive issues because we are in a competitive environment and we don't want to face public opinion." P4 (Head of the Women's Section, Social Responsibility Program)

"As SR is primarily internally-driven and is not required to follow a certain regulatory structure or reporting format, it is quite logical that organizations tend to over-reflect the positive aspects of their SR programs. This tendency of biased reporting is enabled by the lack of proper KPIs and the established challenge in even attempting to craft SR KPIs." P11 (Vice Governor, Consumer and Service Provider Affairs)

6.3 Selective Coding Analysis (2): Identifying the Core Categories

This level- the second phase (see diagram 6.1)- in the selective coding process started by examining the influential factors that were previously identified. Firstly, this was to find any theoretical relationships among them, and then to explore, empirically, which are the most influential factors on CSRR by Saudi companies. Thus, the list of the influential factors was entered into a reconstruction process by studying the theoretical relationships among its components and, therefore, recategorizing them. Without forcing the data, each IF was looked at in relation to the other IFs to analyse the connections between them. This process ended with grouping the factors that carry a convergent nature, then labelling each category with the best representative label.

Dealing with the IFs necessitated a careful investigation to avoid missing any out or creating misunderstandings. The analysis also entailed keeping the presence of their original positions and their interrelationships in the axial coding. This presence is used not only as a cue of the original source of each one in case it is needed in the future, but also to ensure a coherent analysis.

The final result of categorizing the factors is demonstrated in table (6.2). The first column in the table shows the core categories, the second column shows the group of IFs related to each category, and the third column shows the connotation of any factor that may need further clarification. For example, the factor ‘Governmental role’ can be seen frequently to have an effect in different ways, such as raising awareness, imposing regulations, setting guidance or merely creating the country’s plans. Similar effects can be seen for ‘Other institutions’ such as CAMA, GPCA, Aramco, parent company, peer companies and media. Thus, the other institutions can be grouped into one category labelled ‘Other Institutions’ roles’. This process was then repeated for all the IFs, resulting in the creation of six core categories.

The categories then were organized (diagram 6.2) starting from the government as the umbrella of all the other categories, narrowing down into smaller organizations. The second category, ‘other institutions’, relates to external bodies that might have a relationship with the company, at the same time influencing its CSR activities and Reporting. The third category, ‘harmonization’, relates to the necessary factors for enhancing the harmony between the company and the other institutions, thus developing the CSR inside the company. The forth category, ‘internal characteristics’, relates to the factors under management control and in regard to aspects inside the company. The fifth category, ‘desired outcomes or objectives’,

points to the desired outcomes from, or the objectives of reporting on CSR activities. The sixth category, ‘others’, illustrates other factors that cannot be included under the other categories.

The six core categories are outlined and briefly explained in table (6.2), however, a detailed description will appear in the discussion chapter (Chapter 7).

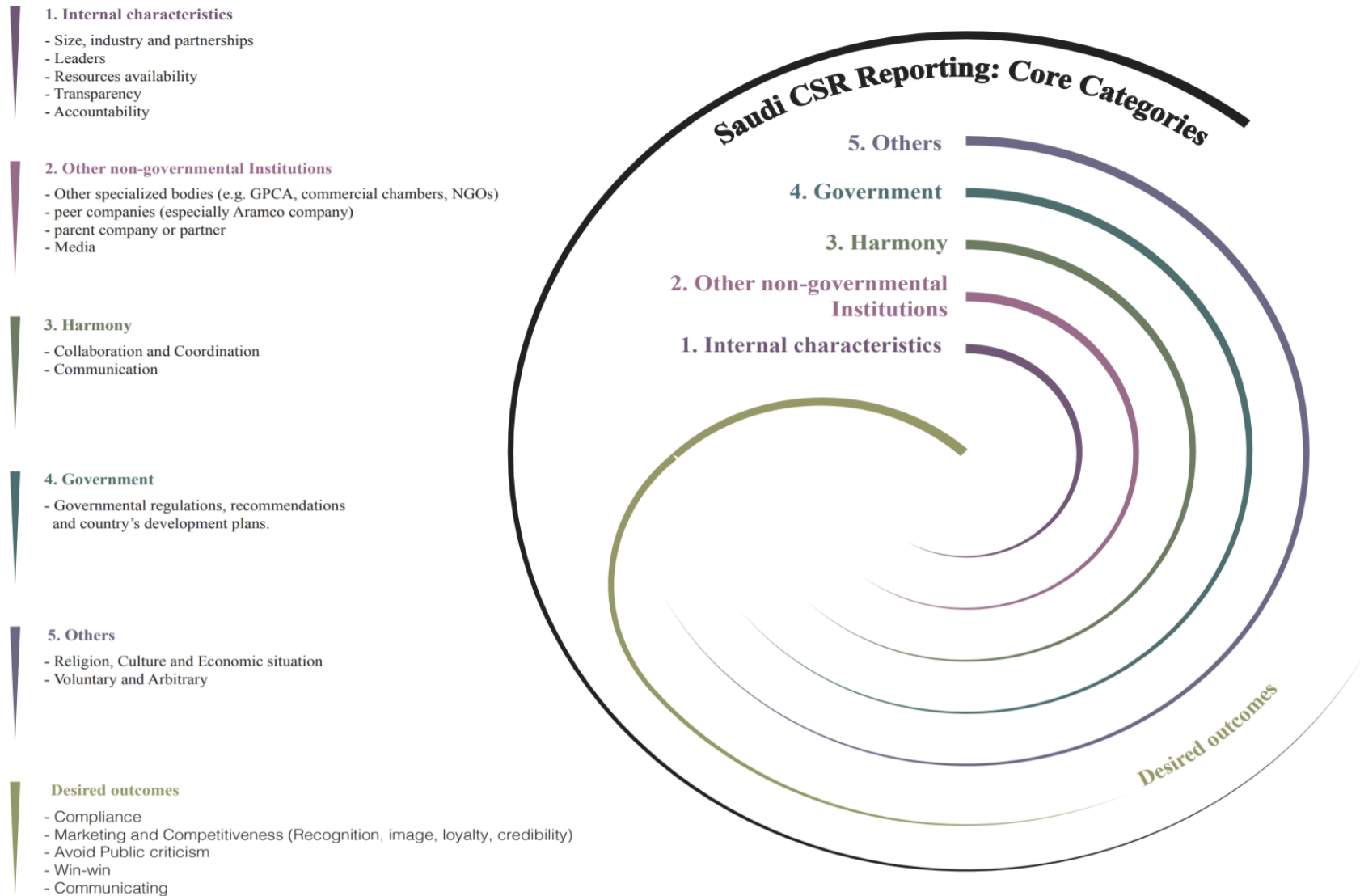
Table (6.2) Selective coding analysis (2): **Core categories**

Core categories	Influential factors	Connotation
Governmental role (factors that are clearly related to the government)	<ul style="list-style-type: none"> - Governmental regulations, recommendations and country’s development plans. 	The legal regulations, recommendations and encouragements (awards for example) issued by the government in addition to any country’s development plans influencing CSR activities, such as Saudization and labour rights.
Other Institutions’ roles (non-governmental)	<ul style="list-style-type: none"> - Other specialized bodies (e.g. GPCA, commercial chambers, NGOs) - peer companies (especially Aramco company) - parent company - Media 	Any external forms of institutions that have a relationship with the companies and showed an influence on CSRR practices of the company. These may have different levels of influence and include both formal structure such as GPCA, parent company and commercial chambers and/or soft structure such as peer companies’ practices, media that reflects the societal expectations that are drawn from the level of societal awareness about CSR, which may cause some pressure on the company.

Harmony between company and other institutions and sectors	<ul style="list-style-type: none"> - Collaboration and Coordination - Communication 	<p>Harmony between companies and other sectors is the agreeable combination of different components of CSR practices, including reporting, in order to enhance its application. Facilitating that harmony entails: enhancing the collaboration between companies in planning and in providing suitable CSR activities to society, enhancing the coordination between companies, NGOs and the public sector, enhancing the possibility to access the needed information and finally enhancing the ability to communicate CSR information with others.</p>
Internal characteristics	<ul style="list-style-type: none"> - Size, industry and partnerships - Leaders - Resources availability (independent department, time, money CSR policies and procedures including documentation and performance measurement) - Transparency - Accountability 	<p>The factors under this category are the factors that can be attributed to internal aspects of a company and in many cases are controllable. According to the data analysis these factors are: the company's size and industry, partnerships, leaders, resources, CSRR process, CSR policies and procedures, transparency and accountability. Accountability includes the right of society to hold corporations to account for their actions towards society and the obligation of a corporation to hold responsibility about these actions.</p> <p>Transparency implies the meaning of availability of full information for all stakeholders with accuracy and timeliness.</p>
Desired outcomes	<ul style="list-style-type: none"> - Compliance - Marketing and Competitiveness, Recognition, image, loyalty, credibility - Avoid Public criticism - Win-win - Communicating 	<p>Desired outcomes are what the company wants to achieve and expect by reporting its CSR activities. Compliance as one of the desired outcomes means that reporting shows and confirms that the company respects and follows any related regulations or recommendations by the government and also the norms of society. CSRR aims also to enhance the competitive advantage of the company along with enhancing its image, credibility and employees and customer loyalty. Win-win is another CSRR aim that leads the company to try to balance between benefiting the company and at the same time benefiting society. Furthermore, CSR reports are used as a communication tool by a company to express its CSR activities.</p>

<p>Others</p>	<ul style="list-style-type: none"> - Religion, Culture and Economic situation - Voluntary and Arbitrary 	<p>This category includes the influential factors that are highlighted in the data and which show an important impact on both CSR activities and CSRR. These factors were grouped in the Category of “others” because they don’t fit within the other categories. The religion, culture and economic situation are external contexts and have high potential impact on CSRR, as will be discussed thoroughly later in the discussion chapter. Islam is the official religion of Saudi Arabia and the Saudi culture is deeply reliant on Islamic values and is characterised with some special features, such as the strong and hierarchal relationships among its members and the centralization. The economic situation points to the level of prosperity or recession that may have an effect on the need of business participation in supporting society. The factor “voluntary and arbitrary” describes the state of CSRR itself. However, because that CSRR is voluntarily practiced we see arbitrary efforts that are yielded in various applications.</p>
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Diagram 6.2: Saudi CSR Reporting: Core Categories



6.4 Selective Coding Analysis (3): Identifying the roles of and the relationships between the core categories

By reaching the stage in which the IFs are systematically organized, grouped and labelled, a further step took place, this is the third phase in the selective coding process (diagram 6.1). This phase aims to identify the relationships within range of the core categories, of which the core category will relate to in a way to generate a theory of CSRR by Saudi companies. As a starting point in identifying the relationships between core categories, the question: what the role of each factor is (in each category) in the process of CSR Reporting was employed for each factor. Answering such a question will shed light on the most important factors that manipulate the reality of CSR Reporting.

The iterative analysis and the constant comparison method in this stage entailed conducting further interviews to seek answers for areas of inquiry, especially those related to the importance of the factors.

The discussion in the new interviews utilised the identified core categories and their related factors which were generated in the second phase of the selective coding process. The main focus was on what the most influential factors are, what influence they have and how they relate to each other. In order to have the most efficient discussion with the informants as much as possible, it was highly important to give them a brief definition of every factor that may create confusion, and at the same time being very open to the information that they already had. It was always a challenge to keep the focus of the discussion on CSRR, as the informants tended to mainly discuss the CSR activities more than the reporting. This is understandable because, in practice, the reporting does not attract that much attention from top management in many cases, unless there are strategic aims that can be served by publishing such information, which does not always occur.

During the discussions with the informants, the category that related to the internal aspects gained the highest attention, suggesting a high importance, and may be the most important category. The investigation of each factor under this category led to the emergence of many causal relationships and underlined other connections. The data showed that the **leaders** occupy a central role, not only with the CSR activities, but with the CSR Reporting. For example comments such as *“I am the one who wanted this unit [CSR Unit] to be created”* P10 (Corporate Social Responsibility Unit Head), *“CSR was not there before I was appointed as the company president”* P 2 (Chief Executive Officer) , *“ I am the one who makes many health and safety*

policies and reports part of the company's strategy" P11 (Vice Governor, Consumer and Service Provider Affairs). In addition, this can be approved by CSR behaviour of the companies led by foreigners who came to work for a temporary period, and typically show less interest in serving society because the central focus of foreign leaders lay in their own advantages." *in my opinion, the directors of companies are the major influencers on the direction of CSR, this is evidently seen when the director of the company is foreign, where the focus is on themselves rather than society which is reflected on the companies' CSR"* P15 (Head of Saudi Net for CSR). Thus, the question arose surrounding what drives the leaders to adopt CSR programmes, and to report on CSR programmes. By navigating around the other categories, and by continuing discussion with the informants, different points emerged, and different relationships were developed, which will be highlighted later in this section. The company's size, the industry that the company works in (finance, industrial, petrochemical, etc.) and the type of the partnership all are essential in making the company visible to society, therefore, an appropriate level of CSR will need to be shown. However, these internal factors function as internal drivers to the leaders, especially considering that CSR is a voluntary practice. While the **CSR policies and procedures, documentation, and systematic measurements** are essentials in preparing the CSR reports, they can be applied (or created) once the leaders wish to implement the CSR Reporting. So, in their position in the analysis, these factors are similar to the resources "*If the leaders are convinced and believe in CSR, they will seek to provide what is necessary to boost CSR to reflect their beliefs"* P11 (Vice Governor, Consumer and Service Provider Affairs). Thus, a lack of **resources** such as time, budget, and knowledgeable staff members are seen as important factors in preparing appropriate reports. However, they are not considered to cause any deficiency in the reporting, as many companies have the capacity to assign all these resources, but do not report their CSR activities. A general manager (one of the interviewees) pointed out the importance of resources availability and documentation saying "*May be, [however,] there are other companies that have a lot of facilities like Aramco, but they are not doing even quarter of what Aramco is doing. There are foreign companies that are benefiting from the country and achieving billions, but do not have any social existence"* P18 (General Manager, CSR Unit). Therefore, the resources are simply 'instruments' that can be controlled by management, and so will be instantly available.

Levels of **transparency** can be related to types of regulations, especially those related to environmental issues or those which can be related to the attitude of the leaders towards CSR in general, and CSRR in particular. Reporting or not reporting, and the level of the quantity

and the quality of the disclosed information, can be referred to- within many other aspects- to the level of CSR implementation. Transparency is a management action, but at the same time is assigned as an outcome or objective.

Accountability is seen as being at the core of all other factors and is the bond that links them all. *“No doubt, Accountability is the central pillar.”* P 11 (Vice Governor), *“It all about accountability”* P 16 (Manager). Simply, as long as there is no one held accountable for CSR Reporting, it is expected that a weak or “shy” disclosure will be attained as the participant P11 (Vice Governor, Consumer and Service Provider Affairs) stated. No doubt that the process that the CSR information goes through until it is published is considered as a burden and extra work for the company, at least because of its voluntarism. Thus, unless this responsibility has been assigned to specific members of staff, provided with maximum resources and support, it would not be executed appropriately. It is understandable that accountability can lead to a certain level of reporting based on the amount of the support provided, but, what drives the company, or more precisely the leaders, to assign such responsibility (or accountability)?

Striving for a higher level of abstraction, different drivers were picked up. Not only those included in the “Government” category, but also those included in the “Other institutions” category, such as: GPCA, NGOs, Aramco and media. In addition, there were those found in the “Others” category such as religion, culture and economic situation. While there are no legal regulations that mandate the companies to implement or to report on their CSR- other than those related to some environmental issues or for security reasons-, the government follows indirect ways (awards for example) to encourage the companies to get involved in CSR. However, it seems that there are no such incentives assigned to CSRR specifically. According to the available data, regulations are a powerful driver that may lead a company to engage in CSR practices. On many occasions, the informants emphasised the need for governmental intervention, which demonstrates its importance in directing the companies’ CSR practices. An obvious statement in this regard is *“unlike other countries where SR expenditures can be tax-deductible, Saudi Arabia, thus far, has no financial scheme for incentivizing SR programs. This situation renders the key two drivers for SR programs worldwide (i.e. Legal requirements and financial incentives) absent in Saudi Arabia.”* P11 (Vice Governor, Consumer and Service Provider Affairs)

The country’s **development plans** can be related to the governmental role as it involves issues such as ‘Saudization’ and supporting Saudi suppliers. These two aspects are particularly linked

to the “employees” approach of CSR implementation. Also, corporations can respond to some **external bodies**, such as GPCA, where most of the Saudi petrochemical companies are members, it is most likely that the company will behave in accordance with the conditions of the agreement of that membership. For example, one of the **GPCA** initiatives is “Waste Free Environment” this initiative “promotes recycling and encourages a more responsible attitude toward litter disposal and the need for the community to respond to environmental issues.” (GPCA,2018) Another programme called “Responsible Care”, which aims “to improve health, environmental performance, enhance security and to communicate with stakeholders about products and processes.” (GPCA, 2018). Thus, GPCA is not only seen as an influencer but also a driver in many cases, see for example how P10 described it *“This responsible care is completely part of our view. It addresses, among other things, the environmental path. On the top of it, it gives also ... It provides more recognition on an international point of view, and on a different multi-sector point of view. It gives more credibility”*

Even though the pressure of some **NGOs** is yet to strengthen, they have an influence as recipients of the companies’ donations or their services, and sometimes the CSR reports can be as approval. **Aramco**, as an external body, has worked as the role model for many companies, especially those in the petroleum sector as it is considered a pioneer in the CSR field. The long, successful experience that Aramco has in CSR activities, in addition to the trust and credibility that it enjoys, qualify it to be not only an exemplar but also a strong driver. Saudi corporations can be inspired by the practices of their **peer companies**. The data shows that in most cases the Saudi companies imitate their peers either in their CSR activities or on how they report. Thus, peer companies play an important role as a driver of companies’ CSR behaviour. Although the petrochemical companies are more visible to the public, it seems that there is no considerable **public** influence on reporting, except in a few situations in which the company encounters types of societal expectations.

Given that CSR activities and reporting are voluntary, CSR is practiced differently within an array of different sectors and companies in one sector. Therefore, the absence of a unified national effort led to a crucial need for a better **harmony between sectors and for a unified platform**. This is clearly stated by a CEO *“I strongly believe that national companies will be motivated to engage in CSR if there is a strong cooperation between the three sectors: public, private and charity.” p 2* (Chief Executive Officer). The interviewee also emphasised that exchanging experiences leads to a broadening of CSR involvement and will improve CSR practices. Better CSR practices can be gained through **collaboration** between the companies

in planning and providing the CSR activities to society, and through coordination between the outsider institutions, companies, NGOs (the charity sector), and the public sector. This combined effort will ease the flow of CSR information. In addition, through the possibility of accessing the needed CSR information and CSR reports of other companies, and through the ability to **communicate** the CSR information with others, a **unified national** form for CSRR can be achieved. This category, harmony and the unified platform as a product of collaboration between several sources (mainly the government) will enhance the practice of CSRR inside the company.

The factors **Religion, Culture** and **Economic situation**- under the category “Other”- are seen as having an influential role on CSR implementation and CSRR. Islam religion and Saudi culture are interrelated therefore, concepts such as philanthropy, donations, charity, equal opportunity and helping society are always viewed as forms of CSR but are also viewed as religious and cultural teachings. For example, a comment by one of the informants exhibits this: *“We are in Saudi Arabia where the religion is embedded in their [companies'] way. Even when we are talking about corporate philanthropy, it has the name of (Sadaka) here in Islamic culture ...In Saudi Arabia, and I assume in Muslim countries or Islamic countries, this is a very important part of CSR or sustainability, or at least it's mixed and it's embedded in it.... But, this is [philanthropy] only one aspect of the CSR. On CSR we cannot limit the CSR only to the charity or the outreach. CSR is more than that.”* P10, Corporate Social Responsibility Unit Head (Petrochemical Company). However, while the initiatives taken by a company are framed with being concurrent with the religion, win-win condition and the country’s economic condition are also taken into account. A typical opinion in this regard is: *“In the west, ... no ‘work for the sake of God’. But we have such a concept. In the west, those who perform charitable actions and society services shall have ‘de-taxation’. We do not have such system.... Now with these economic challenges, I see that the Ministry of Labour and Social Development has started to discuss issues such as organisational donations and charity..., but I still do not see any real role for the government in this regard.”*. As highlighted above, Saudi companies’ leaders have a central role in driving CSR actions in which a generic religious and economic framework is un-avoidable.

As mentioned above, CSR in Saudi Arabia is not legislated and is applied by many corporations voluntarily. As a result, many CSR initiatives and CSRR are arbitrary in nature. In this context the interviewee P11 (Vice Governor, Consumer and Service Provider Affairs) described *“the format and process of SR reporting in the annual reports is far from being consistent even*

within a specific organization year to year". Therefore, the absence of CSR legislations led to an arbitrary practice.

Generally speaking, Saudi corporations deal with CSR, as the onus falls outside the mainstream of the corporate operation. This is also verified by it being mostly added to the public relations or marketing department. However, there are a few views which believe that CSR should be interwoven into the fabric of the company's operations, which is not the case in most Saudi companies. *"I am certain that if companies apply the real meaning of CSR in their mainstream operations they will not even need to pay one Riyal for a programme that called "CSR programme".*" Perceiving CSR as detached from the mainstream operations raises an important question regarding why then CSR is included, and if it is a goal by itself, or a tool, or both? Despite no consensus or direct answer to that question, we can conclude that the 'society' approach is generally seen as detached from the mainstream of the core business, while the 'environment' and the 'employees' approaches are not completely detached-given that there are some related regulations-. Thus, the influence of how CSR is seen in relation to the core corporate process and operations may echo the level of the commitment by the company towards CSR.

The "desired outcomes" category contains a group of factors related to the company and to society. The former group is attributed mainly to the intended outcomes that are expected to be attained from disclosing any social information to the benefit of the company itself. The latter group is mainly attributed to the outcomes expected to be attained but to the benefit of society. 'Compliance' with regulations and religion or culture, 'Marketing' and enhancing the 'image, and the reputation' of a company have shown higher importance than the other objectives/outcomes (Gaining more 'loyalty', 'recognition', credibility', enhancing the 'competitiveness' and the company's 'sustainability'). However, the difference in the importance may carry some impact on whether they work as drivers to CSRR behaviour, or merely work as secondary positive results of CSR reporting. For the informants, once the company has made the decision to report on its CSR activities with any level of disclosure, it anticipates mainly the compliance, image, reputation and marketing purposes as the first desired outcomes/objectives. Alternately, the outcomes/objectives may drive the company towards a better level of reporting or may be towards a lower level. The participant P16 (Manager, Public Relation) has described mutual influence: *"reporting is a "double edged sword" and thus, its impact will determine what aim of reporting in the future will be, and in what way it will be used"*.

The following section offers a further analysis step towards building the grounded theory and provides a holistic perspective utilizing the details presented in the prior analysis.

6.5 Selective Coding Analysis (4): Gradual emergence of core concept and comprehensive overview

In the previous phase of the analysis, every category was examined individually focusing on the role of their propositions. The current phase seeks to provide a higher conceptual perspective by presenting a comprehensive overview with an illustration for the potential relationships between the previously identified core categories and their properties. It is the phase where the theoretical codes start to develop and integrate in order to form the overall grounded theory.

By constant comparisons across the range of the roles identified in the previous phase, we can, overall, recognize three main types of roles; firstly, those who act as external and internal drivers to the companies' CSRR behaviour (see sections 6.4.1 and 6.4.2); secondly, those who activate and mobilize those drivers (see sections 6.4.3, 6.4.4 and 6.4.5); and finally, the product of the whole process (see section 6.4.6).

The external drivers are the government, non-government bodies, and other drivers such as religion, culture and economic status. Internal drivers are those related to the organization, such as leaders, the nature of the ownership and the partnership, and the size and the industry that the organization works in. The second type that mobilise the drivers includes: accountability, commitment, resources (policies, performance measurements and collaboration platform). The product is, therefore, the CSR reports and the outcomes that are expected from disclosing CSR information such as: compliance, marketing, reputation, recognition, competitiveness, win-win situation, transparency, communication and sustainability.

The findings of the current phase and the following one were discussed with two of the interviewees (p11, the Vice Governor and p16, Manger, Public Relations) to validate the results.

The following sub-sections will discuss these types and the interrelationships among them as a final step in building the theory that is grounded in the data to explain what shapes the reality of the CSRR by Saudi Arabian companies.

6.5.1 CSRR Drivers: External drivers

The Governmental role has proved its importance as a driver by either imposing related legal regulations, or by recommending and encouraging businesses to adopt CSR. The government is an external driver in relation to the company which falls at the top of the external drivers' list. The limited governmental role is seen a main reason for the low level of CSR practices. An example from the data is *"Reporting on SR in Saudi Arabia, by governmental and commercial entities, is both a relatively new practice and quite uncommon. This is mainly attributed to two factors. Firstly, there are no specific legal requirement for these entities to report their SR plans and programs. ...Saudi Arabia, thus far, has no financial scheme for incentivizing SR programs."* P11 (Vice Governor, Consumer and Service Provider Affairs).

However, other external bodies have shown similar power as drivers, but at different levels of influence. These bodies, for example GPCA, commercial chambers, some NGOs, Aramco, Media and public, all have influence as external drivers and can be grouped into another category, referred to as Non-Governmental drivers. The GPCA practices its power mainly through the Responsible Care initiative in which it focuses especially on the environmental CSR approach. Given that CSR is a voluntary practice, the influence of the Commercial Chambers is limited, but it can be noticed through different means. For example, suggesting types of CSR programmes, motivating and supporting the private sector to be more active and to integrate positively with the CSR movement, or by organizing events that serve CSR in general. Aramco is present in every discussion about CSR due to its long and successful CSR experience, so its influence as a driver to CSR practices appears whenever a role model is needed. Recently, the Media and Public started to have strong voices creating some pressure on companies which resulted in companies try to gain their supporting or at least to avoid their criticism. Thus, it has a potential influence to drive the companies' CSR behaviour.

The factors Religion and Culture have proved that they have power- even sometimes tacit- as drivers, their influence is likely to be seen in the level of commitment to CSR by leaders. The Economic situation might then have influence in not only adopting the CSR, but also with the type of the CSR programmes. This is especially through the social approach, because in the prosperous times when societal needs are satisfied by the government, there will be insufficient

demand to companies' participation. This may explain the recent vibrant CSR movement in Saudi Arabia especially with the recent economic negative changes. Therefore, for the different nature of the last three factors (Religion, Culture and the economic situation) from the two previous categories, they can be grouped in a separate category called "Others", which represents external factors that are not attributed to the government or any other institutions. So, the Governmental, the Non-Governmental and the Others are external drivers that originated outside the company, but carry the power to motivate the company to commit to CSR.

6.5.2 CSRR Drivers: Internal drivers

A company's commitment to CSR is not driven only by the external drivers. but can be driven through different internal factors. The most important internal driver, according to the data, is leaders. Leaders play a significant role in directing and activating not only CSR initiatives but also CSR Reporting. *"At the end, it is the belief of the owners and leaders of the organization."* P18 (General Manager, CSR Unit). Leaders work within and are influenced by a set of different external and internal factors that may shape their decisions. A company's size, industry, nature of the partnership and parent company are examples of internal drivers. These types of drivers, in addition to the leaders, can be grouped in a category named "internal drivers".

6.5.3 Commitment

Companies' engagement in CSR practices reflects how much commitment to CSR they have. Company commitment varies between companies and within the same company. As mentioned earlier, company commitment can be an echo of how CSR is perceived, a tool or a goal. CSR drivers- discussed above- will exert their impact firstly on the commitment to CSR.

Therefore, the external and internal drivers can work either collectively or individually in creating and developing the company's CSR commitment. The more visible the driver/s is/are, the higher the level of commitment can be seen. For example, the voices that demand the government to actively encourage CSR, implicitly reflect the need for a superior power to enhance the commitment inside the companies and to organise the scattered efforts for a successful CSR performance. A company's CSRR is an indication of its CSR performance. Thus, if the government intervenes to control and regulate CSR activities and reporting, then a higher level of CSR programmes and better reports is likely to be attained. The same idea can be applied to the other drivers and their impact on the level and the effectiveness of commitment. The appearance of "commitment" at this stage of the analysis arises as a result

of the high importance that the data gives to ‘accountability’. In other words, accountability would not be created unless there is an ‘effective’ commitment to CSR. Since the low and ‘ineffective’ commitment to CSR will keep it inside the company as voluntary work, and as a result will be arbitrarily practiced. So, the expected level of CSRR will be inconsistent and low. The commitment itself can be created or enhanced by different external or internal drivers, as discussed earlier. Effective commitment refers to the positive voluntary obligation by the company, which is represented by the leaders who adopt the concept of CSR and highly appreciating it. The high level of commitment is not enough to create Accountability as it needs to be effective in order to encourage the leaders to act in favour of CSR.

6.5.4 Tacit and Explicit Accountability/ Core category

“The core category represents the central phenomenon of the study...The core category might emerge from among the categories already identified or a more abstract term may be needed to explain the main phenomenon. The other categories will always stand in relationship to the core category as conditions, action/interactional strategies, or consequences. Diagramming can assist in integration of categories” (Corbin and Strauss 1990, p.14).

As the analysis proceeds, accountability appeared as central, and the other categories or their properties are related to it in one way or in another. A deep discussion with the informants showed how essential is the role of accountability in attaining a good level of reporting. The accountability produced by effective commitment to CSR will then entail a company to offer all the required resources to achieve the desired objectives and for realization of the benefits. The informants perceive accountability as assigning responsibility for CSRR to some employees and to hold them to account. Accountability, therefore, involves the obligation that the responsible employee will be held to account, in addition to his readiness to be questioned about the results of his actions. We can differentiate here between two levels: accountability at the leadership level (macro level) (organization level) and accountability at the management level (micro level). The Organization level leads to establishing and making the CSRR requirements (policies, procedures, performance measurement and resources) available to the lower level (management level). The lower level will be then accountable to the higher level. Thus, accountability is disseminated between the two levels.

Accountability at the leadership level is mostly driven by the external drivers, while accountability at the management level is mostly driven by the factors (policies, procedures, resources) which have been previously set by the leaders. So, accountability at the leadership

level will lead to accountability at the management level, passing through the availability of the tools that are required to apply CSR in general, and CSRR specifically.

Accordingly, if accountability exists at both levels, it is expected to attain systematic and good level of reporting to achieving the company's CSR objectives. This is because the CSRR at the management level will be treated as compulsory duty, similar to the company's mainstream operations, as long as it is supported by the leaders and provided with all its requirements. At the leadership level, it remains as a voluntary duty, but the level of the power of the drivers, either external or internal, will shape the commitment and the willingness of the leaders to be accountable for the company's CSR activities and Reporting.

6.5.5 Collaboration Platform

The factors collaboration, coordination, accessibility and communication, all are included in the "Collaboration Platform" category. They are seen as an important enhancement to CSR implementation and reporting. However, their impact will likely not appear as one of the drivers, but as one of the requirements for a successful implementation of CSR. Companies emphasise on the need for a solid collaboration between the three sectors; government, NGOs and the private sector. This demand emerged, as a result of and subsequent to, an adequate level of CSR commitment. More precisely, this occurred when the accountability at the organization level took place throughout setting up the CSR strategy. It is expected that mainly the government, some non-government bodies, and the company itself will efficiently participate in building the collaboration platform.

6.5.6 Desired Outcomes/objectives

The level of the CSRR is either low (presumably arbitrary) based on ineffective commitment, or systematic, based on the presence of the accountability. Therefore, different types and levels of outcomes will result depending on how CSR activities were systematically processed, documented, measured and then reported. The different outcomes/objectives such as compliance, image and reputation, competitiveness, recognition and sustainability, etc. are expected to be attained and sustainable if the accountability has been applied. This is a natural result of the recent focus on the sustainability concept in the business world and is because of the *"systematic mechanism that is already injected in the organization's process by applying the accountability in its full requirements so it will produce (by necessity) systematic and sustainable outcomes and reporting"* P16 (Manager, Public Relation). The outcomes

themselves can work in turn as internal drivers when they become involved in the overall companies' objectives.

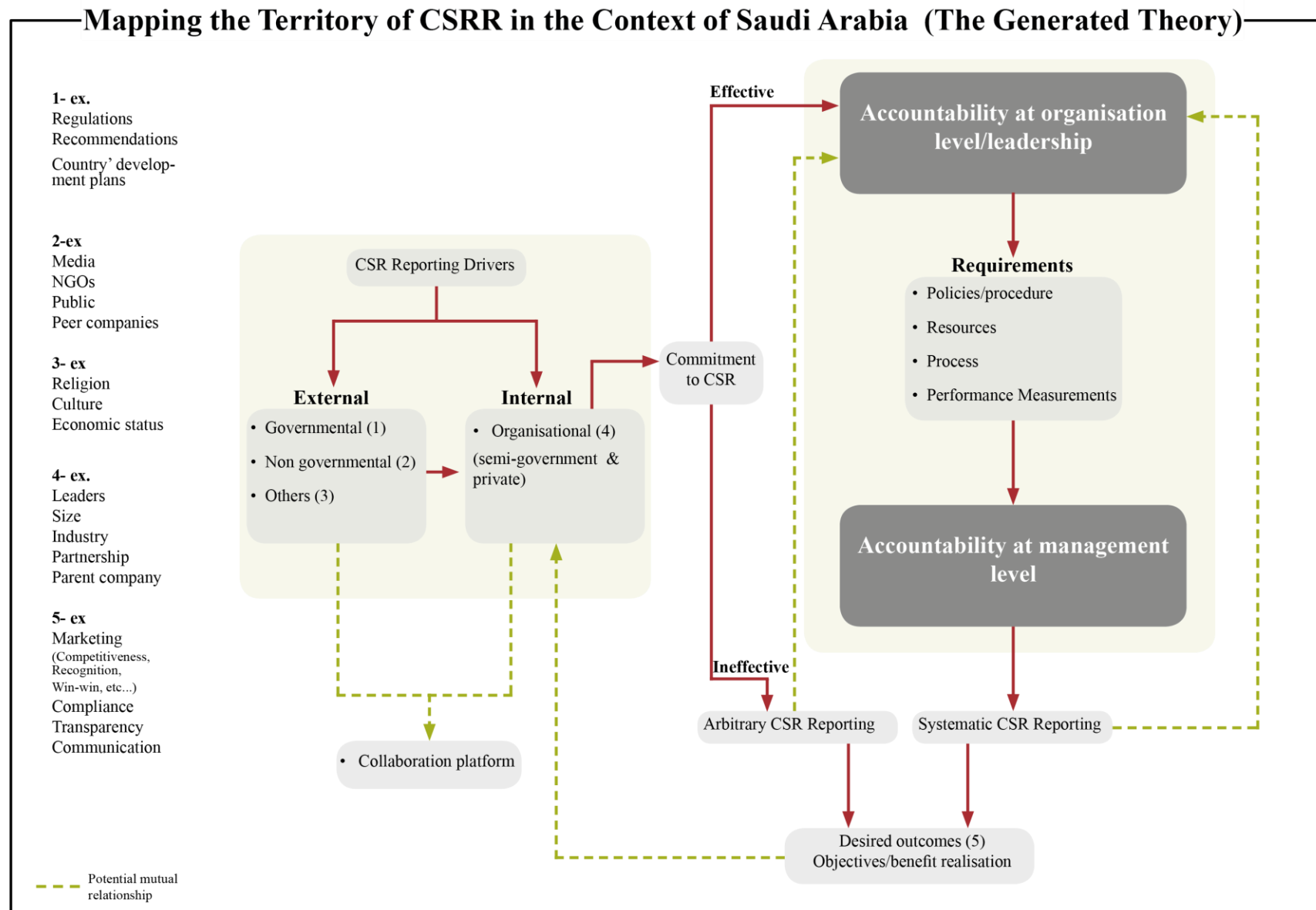
6.6 Selective Coding Analysis (5): The generated theory, mapping the territory of CSRR by Saudi companies

According to Holton (2010) the core category “primary function is to integrate the theory and render it dense and saturated” (p.29). Therefore, the constant comparison has processed until all the categories and their interrelationships are saturated. At this point and having the core categories as well as the core category (accountability), saturated, established, identified and interrelated, the grounded theory of this research study is therefore achieved.

The generated theory of this research is depicted in a diagrammatical model (diagram 6.3). The model maps the territory of CSRR in the Saudi Arabian context and presents the final results of using Strauss and Corbin approach of grounded theory methodology. The model summarises and visualizes the previous discussions about the core categories and their interrelationships with the core category.

Following is a description for the grounded theory preceded by a diagram for easier clarification.

Diagram (6.3) Mapping the Territory of CSRR by Saudi Arabian companies



Based on the previous theoretical development, we can trace a set of themes and connections within the core categories and concepts as shown in the diagram 6.3. It can be derived that the organization can be influenced by external drivers, such as the government or by internal drivers, such as the leaders, or by both. This influence can be reflected in the level of commitment to CSR. Therefore, when the commitment to CSR is ineffective, the CSR implementation and the Reporting will be practiced arbitrarily, whereas effective commitment will lead to systematic and structured CSR implementation and Reporting. Effective commitment to CSR will lead to the emergence of ‘accountability’-the core category- at two levels; the leadership level and the management level. The link between the two is the availability of a group of requirements (policies, resources and performance measurements) that need to be provided by the leadership to the management in order to accomplish the reporting process.

The collaboration platform is another group of requirements that is likely to enhance the CSR. However, it is assumed that it is not only the organization who is responsible to build that platform, but also many other external parties who can participate: either governmental or non-governmental. Therefore, if there is accountability at the leadership level, where leaders hold the responsibility to provide and ensure a successful CSR, the accountability at the management level will consequently appear, and there will be a systematic level of CSRR. That level of CSRR will then lead to the realization of benefits, and to achieving the desired outcomes. The desired outcomes have been originally set either explicitly or implicitly as objectives for the organization.

In the generated theory, accountability is the concept that incorporates and integrates all other categories. Hence, if the accountability about CSR reports is applied inside the company, the responsibility of who prepares them will be assigned along with all the needed requirements to ensure its successful implementation. Once the accountability is created at the leadership level it is disseminated to the lower levels (the management level) by providing the necessities of CSR, and as a consequence, the lower management will be held to account. The accountability is driven, either collectively or individually, by different external and internal drivers. However, the accountability at the leadership level is mostly driven by the external drivers such as the government, the non-government bodies, and some other external drivers, such as culture and religion. The accountability at the management level is driven mainly by the accountability at the leadership level, and the expected level of the CSR reports depends on the availability of the accountability. Essentially, a systematic level of CSRR is the result of good levels of

accountability, while an arbitrary level of CSRR is the result of arbitrary CSRR practices. According to both cases, the desired outcomes will be gained, but in a manner proportionate to what has been provided and made available to achieve those outcomes.

Considering that the accountability occupies a significant role in the analysis of the territory of CSRR in SA, this allows the designation of it as the core concept that can advance the reporting practices.

The last section described the generated theory of CSRR that resulted from applying the Strauss and Corbin approach of grounded theory methodology. The generated theory provides an explanation for what shapes CSRR practices in the Saudi business context. The theory maps the territory of CSRR in which three domains of focus are interrelated and hypothesised. Accountability (at two levels) shows the strongest explanatory power and connects the other domains with each other (CSRR drivers, CSRR desired outcomes and Commitment). The theory contributes to CSR knowledge in several ways. As will be discussed further in chapter (8), the theory reenergises and strengthens the importance of accountability in the field of CSR. Accountability is not an aim in itself, it is only the engine that mobilise companies' reporting. This differs from how it is perceived in the conventional literature which considers accountability an objective. The theory introduces two levels of accountability which are not clearly found in the existing literature. The theory differentiates between the drivers and the desired outcomes which are mostly addressed in the literature as one and the same. The theory also includes the concept 'commitment to CSR' in the map, this inclusion- as a connection between drivers and accountability- is new to CSRR literature (according to the reviewed literature).

6.7 Conclusion

This chapter addressed the final stage, called 'selective coding', of the empirical analysis. It progressed into several phases which gradually led to the emergence of the core concept and then the generated theory (see diagram 6.1). Explaining what forms the reality of CSRR is the aim of this stage of the analysis, which iteratively continued using the findings of the 'open coding' (chapter 4) and the 'axial coding' (chapter 5). Therefore, the selective coding started with the phase of identifying the potential "influential factors" which exert influence on companies' CSRR behaviour. The selection of the influential factors – ex. regulations, religion and culture, leaders, accountability and audience- was rechecked against the previously

available data and with new interviews to validate the chosen factors. The factors were collected and presented in the table 6.1 and enhanced by the interviewees' participations.

The second phase re-examined the list of the influential factors and reconstructed them by studying the theoretical relationships among their components and, therefore, recategorized them into six core categories (table 6.2 and diagram 6.2) in order to understand the role of each and to find the relationships among them. The six categories are: the government as the umbrella for all the other categories, the external institutions, the harmony between the company and the other institutions, some internal characteristics, desired outcomes and finally the 'other' category.

With further investigation and further interviews, the core concept was identified (accountability) and then related to the other core categories and their propositions. The identification was applied with the focus on what the most influential factors are, what influence they have and how they relate to each other. The chapter explained in detail the set of the categories, the connections between them and how their roles were analysed. Three main types of roles were recognised; firstly, those who act as external and internal drivers to the companies' CSRR behaviour, secondly, those who activate and mobilize those drivers and finally, the product of the whole process. The core categories and the accountability concept are then integrated and encapsulated in a holistic perspective of the territory of CSR Reporting. At this point, the theory is generated and presented in a model which maps the core categories in relation to the core concept (diagram 6.3). The map shows that organisations are influenced by external drivers, such as government and internal drivers, such as leaders. The arbitrary CSR practices is a result of ineffective company's commitment to CSR while the systematic and structured CSR practices is a result of effective commitment which explains the emergence of 'accountability' at its two levels: the leadership level (tacit) and the management level (explicit). The accountability is driven, either collectively or individually, by different external and internal drivers. Therefore, the expected level of the CSR reports- either systematic or arbitrary- depends on the accountability and to what extent it is functioned. The generated theory designates the 'accountability' as the core concept and locates and connects every other core category (CSRR drivers, CSRR desired outcomes and commitments) in relation to the core concept (see diagram 6.3). It is worth mentioning that accountability in the grounded theory is not an aim in itself as it is conventionally addressed in the literature.

The following chapter discusses the findings of the three stages of the analysis especially the grounded theory and links these findings with the existing literature . It also links the grounded theory with the existing theories of CSRR.

Chapter 7

Discussion

7.0 Introduction

The previous three chapters presented a detailed analysis of the open, axial and selective coding stages of this research. This chapter discusses the findings from this data analysis that used the grounded theory methodology. The findings are structured under two main parts based on the two research questions. The first part (section 7.1) shows a description for CSR perception (section 7.1.1), CSR implementation (section 7.1.2.) and CSRR (section 7.1.3.) in the context of Saudi Arabia as perceived by the corporates' managers (the answer to the first research question). The second part discusses the generated theory/model (section 7.2) which is the result of applying the grounded theory methodology to the data analysis process.

Therefore, this chapter provides an explanation of the conceptual structure of CSRR in Saudi Arabian oil and petrochemical companies and the potential relations between its components as represented in four related schematic descriptions: accountability and commitment (section 7.2.1 and 7.2.2.), CSRR (section 7.2.3) desired outcomes (7.2.4.) and drivers (section 7.2.5.). The discussion draws upon findings of qualitative research carried out in Saudi Arabia in order to elucidate the key features of what has emerged regarding the CSRR situation in the country, thus demonstrating how the aims and objectives set out in the introductory chapter of this thesis have been fulfilled.

The grounded theory indicates, among other things, that a company that has a high quality of CSRR can be seen as responding to tacit and/or explicit accountability. An original aspect of the CSRR model presented by this thesis is its ability to deconstruct the distinctive characteristics of Saudi Arabian CSRR and to understand the possible connections between its components. Furthermore, the chapter discusses the generated theory in relation to the existing theories (section 7.3.) especially stakeholder theory (section 7.3.1.), legitimacy theory (section 7.3.2.) and neo-institutional theory (section 7.3.3.). And then the chapter concludes in section (7.4).

7.1 A Preface to the Generated Theory Discussion: A Description for CSR Perception, CSR Implementation and CSRR in Saudi Arabia

This section briefly considers a generic discussion of how Saudi managers perceive the concept of CSR, how it is implemented and how it is reported. This discussion is presented based on what is found as an answer to the first research question – a quest for clear picture of CSR and CSRR situation by Saudi companies-. The findings that are discussed here are the key findings which appear in detail in the axial coding chapter (Chapter 5). Introducing this general description is intended to enhance the reader's understanding about the generated theory that will be discussed in a following section.

7.1.1 CSR Perception

The results of this study demonstrated that there is a growing positive awareness among Saudi companies and society of the concept of CSR which concur with many previous studies (see for example, Emtairah et al., 2009, Mandurah et al., 2012, Khan et al., 2013, Al Sabban et al., 2014). However, CSR is perceived differently not only by different Saudi companies in the same sector, but also by the various industry sectors, as well as by members of society. Even though this research adopts the companies' perspectives of CSR as a reference point, there were occasions where the data confirmed a gap in the understanding of the concept of CSR between the Saudi companies and Saudi society. Mandura et al. (2012) note that there is also “a disconnect between employee and top management attitude and perception of the concept” (p.1056).

Articulating a clear definition of CSR from the viewpoints of Saudi companies is not applicable due to the lack of consensus on what CSR means and what such ‘responsibility’ consists of. For example, while it is often seen as a synonym for, or strongly linked to, sustainability, it also incorporates other connotations: philanthropy, citizenship, a sense of responsibility, and developing social services such as health. Emtairah et al. (2009) and Khan et al. (2013) pointed out that the notion of CSR in Saudi Arabia is grounded in philanthropic conception but Ali and Al-Aali (2012) view that CSR in Saudi Arabia is more than only charity and philanthropic activities. The definition of CSR is challenged by that, predominately, Saudi companies view CSR as an extra burden that is external day-to-day business operations which is linked to what Khan et al. (2013) call “cost instead of an investment” (p.71) when describing how CSR is perceived by Saudi companies.

Few of this research's participants see CSR as necessarily part of the business as a whole and this may explain why CSR is often managed by committee rather than a single department. In some cases, heads from departments such as HR and Finance are joined by the company President or VP in managing CSR practices. This lack of organisational strategic structure for CSR is highlighted in the study by Mandurah et al. (2012) and is also highlighted as a lack of institutionalisation of CSR within different organisations by SAGIA (2008).

This variation in understanding of what CSR is seems to be a result of a lack of CSR education - something that can be improved mainly by the Saudi Government - and seems to stem from a lack of comprehension regarding the components of the concept rather than the general conceptual meaning.

There are six aims for Saudi companies to adopt the concept of CSR, three of which are connected with serving society, such as contributing to the country's development plans, deploying corporate citizenship concept and applying religious and cultural norms; and three that reflect the business case of CSR, such as enhancing the company's image, achieving recognition and credibility, and competitiveness.

7.1.2 CSR Implementation

Given that there are no governmental CSR regulations in Saudi Arabia, CSR is encouraged by the government and Saudi corporations practice CSR voluntarily at different levels. Although, the government recommendations are not legislated, it is expected that these be followed when implementing CSR. The importance of governmental role is highlighted in the literature of CSR in Saudi Arabia. For instance, Tamkeen Sustainability Advisors (2010) found that, because there are no fiscal motivations for companies to undertake CSR, negative impact will be seen on CSR. Ali and Al Aali (2012) emphasise that the government "must take the lead in articulating CSR guidelines and promoting ethical responsibility and the expected benefits for businesses that wholeheartedly espouse CSR" (p.51). The absence of national guidance has led Saudi companies to model their CSR practices on those of Aramco and its peers.

While CSR implementation in Saudi Arabia is shifting from a tendency towards charitable donations to engagement with a range of other activities, the concept of CSR is challenged by the dominant philanthropy/charity concept, which often does not allow more creative efforts; therefore, CSR implementation can be restricted to limited applications. However, there is an increased willingness to move away from a purely philanthropic approach towards serving

society and employees and protecting the environment, which seems to be assisting a broader understanding of CSR (Tilt, 2016). This shift seems to be a result of the growing interest in many CSR-related issues such as employee and community wellbeing as noted by Tamkeen Sustainability Advisors (2010). This supports the view that CSR is often seen as something external to business operations.

Saudi companies mainly direct CSR initiatives to serve the local community; for example, supporting health, education and housing, in addition to directing efforts towards other areas: company employees, the environment, and suppliers. However, Mandurah et al. (2012) and Tamkeen Sustainability Advisors (2010) agree that there are only three areas where Saudi companies practice CSR activities: employees, community and environment.

CSR implementation, as found in this research study, reveals that most participating companies are focusing on what serves the company's image, or at least on what is called a win-win situation. In this vein, Al-Sabban et al. (2014) confirm that Saudi family businesses recognise that CSR can be a tool for marketing. It can be argued, therefore, that Saudi companies are increasingly viewing CSR as an element of the business case rather than a CSR-centred strategy. However, this does not seem to be approached in a coherent and strategic manner (Khan et al., 2103). Furthermore, there is an apparent lack of systematic performance measurement, a finding which concurs with the Tamkeen Sustainability Advisors study (2010) which found that only 5% participants of their study measured their CSR performance internally. This may explain why CSR activities tend to be driven through an interdepartmental committee or by PR, HR and marketing departments and is seen as a business benefit not a holistic approach to CSR as a clearly defined process. Evaluating CSR performance seems to be applied on very basic levels due to the level of understanding regarding the concept, as well as the ability to measure outputs — especially social impact.

CSR is challenged by the lack of a national framework or main source of information and guidance. Add to that, although the government encourages CSR, it does not proactively facilitate or guide collaboration and coordination between the three main Saudi sectors: public sector, private sector and domestic voluntary sector. The need for an active role by the government is heavily emphasised in the literature (see for example; Emtairah et al 2009; SAGIA, 2008; Khan et al., 2013; Al Sabban et al., 2014). Informa Middle East (2014) takes this further to recommend that government must create an environment for CSR to be aligned

with the country's development plans, but without making it mandatory, which is also recommended by the current research interviewees.

Another challenge stems from the impact of public opinion. While the effect of public pressure is not currently a significant factor, it can cause some difficulties to the company if the expectations of the public differ from the intentions or practices of the company. The concept of CSR is seen by some informants as something that can be used by society for holding companies to account, which may limit companies' social contribution to avoid such challenge. According to the Tamkeen Sustainability Advisors study (2010), the general public and consumers are unaware of the importance of CSR impact as it is deemed to focus on the short-term benefits.

There are also internal pressures to be considered. CSR activities require the investment of time, money and other resources to be put into effect; therefore, some companies resent the added burden when trying to maintain market competitiveness.

7.1.3 CSR Reporting

The findings show that there is no real focus on CSRR by Saudi companies. CSRR across companies in Saudi Arabia and within individual companies is inconsistent and often demonstrates a lack of depth that affects the standard of reporting. Similar results were found in many previous studies. For example, a study by Abdulhaq and Muhamed (2015) shows that the disclosure levels by Tadawul companies were low, averaging 36% and the CSR disclosure is not a priority for these Saudi companies. Al-Janadi et al. (2012) note that the quantity and the quality of CSRR is in Saudi Arabia and UAE is low with an average of approximately 36% for the whole sample of companies. Also, online disclosure demonstrates low level and inconsistency between organisations according to their type (Khasharmeh and Desoky, 2013). No difference in results is found by Issa (2017) whose study demonstrates the level of engagement with GRI guidelines is low and that *Zakat* is the CSR socially-related activity most practised by these Saudi companies.

These deficiencies in disclosing CSR information create transparency issues, such as an unwillingness to provide detail and a reluctance to make negative disclosures.

There is also no clarity regarding standards nor are there clear benchmarks. The regulations (for example, GPCA and Ministry of Energy, Industry and Mineral Resources) are mainly focused upon environmental issues. This is due to there being no national written guidance for

reporting requirements and limited governmental oversight. International guidance tools for CSSR — for example, GRI and ISO 26000 — are seen by the participants in this study as overly complicated and not user-friendly, added to which they need to be tailored to fit the national standards. Tamkeen Sustainability Advisors (2010) stress on the importance of having and promoting a national CSR evaluation criterion, but with considering the global best practices. Furthermore, the limited access to other companies' reports prevents organisations modelling good practice within the Saudi context. Within this context, Naser and Nuseibeh (2003) have pointed to the absence of SOCPA in CSRR regulation, which is also found in this research.

Due to the lack of a formal mechanism for CSRR, reporting can be relatively informal, rather than having to be presented as an official document, as CSR information can be disclosed via any means that a company considers appropriate. Dissemination of CSR-related information can be via an annual report or - even more rarely - standalone report, on the company website, through the use of social media, internal media, staff bulletins or emails. In this vein, Al-Razeen, and Karbhari (2004) found that “[m]ost, if not all, of the items of voluntary disclosure that has no close relationship to mandatory disclosure were found in the directors’ report, while the other types of disclosure were found in the statements and the notes.” Other outlets include newspapers, journals, conferences and exhibitions. CEOs also often mention CSR activities in speeches. This wide range of reporting modes prevents comparability between companies and within the same company for different years.

According to the findings, the targeted stakeholders for CSRR are external and internal. In which the government is seen as the most important external stakeholder for CSRR, and this is mainly for demonstrating compliance and sometimes for security reasons. However, there is an argument that CSR reports should be disseminated to others — for example, the general public or NGOs — but this practice is not widespread. Nevertheless, internal reporting is seen as equally important for assisting the board and meeting shareholder expectations — such as the effective use of resources (see Kamla, 2007, for example). In short, the participants identified the main external CSRR audience as the government, and the main internal audience as the company board of directors and shareholders.

There are some factors that were found to influence reporting: the type of company ownership (for example, international firms or family-run enterprises); the accountability within the company of those leading on CSR; as well as levels of external scrutiny (discussed further

below). There is a general agreement on that company's size and ownership type affect the way companies report their social activities (Abdulhaq and Muhamed, 2015; Habbash, 2016; Issa, 2017). However, unlike the current study, Habbash (2016) states that business type and management were not seen to influence companies' CSRR engagement.

Saudi CSRR tends to be influenced by the Islamic religion. Islam principles are a significant part of business setting and decision-making in Saudi Arabia. This due to the fact that Islam is interwoven in many political, economic and cultural aspects. Religious teachings are seen more apparent in CSR implementation (e.g. avoiding harm to society and helping each other) than in CSR disclosure, although it is expressed in some types of reporting in some cases (for example, *Zakat* and some verses of the Quran). However, the transparency issues, such as companies' reluctance to disclose negative information about the company, is against the Islamic considerations (e.g. honesty and justice) which are key to the Saudi culture as well as it challenges the Islamic concept of accountability. Religion in relation to CSR in Saudi Arabia has been highlighted in some studies. For example, Zubairu et al.'s (2011) study about Islamic banks in Saudi Arabia revealed that their disclosures

“have much more in common with their conventional counterparts than they do with banks that are supposedly based on Shari'ah [...] However, in areas that would demonstrate their ethical identity and ultimate goal of betterment of society that separates them from their conventional counterparts, they disclosed very little information in this regard in their annual reports.” (p. 200).

Kamla (2007) provides a deep discussion on the “emancipatory potential of Islamic and national consideration disclosure” (p.151) and confirm that the CSR disclosure practices by Arab countries are not aligned with religious teachings.

A number of reasons why companies engage in CSRR are identified by the data analysis. These include marketing, such as: increasing brand trust and loyalty; avoiding criticism of irresponsibility and competitiveness; communication of achievements and aspirations; meeting the requirements of regulations and policy; engaging in cooperative endeavours with externals. Many of which confirm the business case of CSRR as being the predominant reason for companies to undertake CSR reporting. Serving “business interest” (Kamla, 2007, p.149) and building firms' reputation are seen at the heart of undertaking reporting about CSR. Kamla (2010) takes this further to suggest that enhancing companies' image is the prime reason rather than supporting “any serious attempt at transparency or the demonstration of public accountability” (p.49).

An important finding is that the analysis recognised that there is a gap between CSR perception and CSR implementation as well as a gap between CSR implementation and CSR reporting. There are some CSR activities that are not reported at all or they may be consolidated within other categories. Sometimes the implementation is far greater than what is reported. This gap - even documented in the literature (see Gray et al., 2009; Laine and Järvinen, 2013) - may create confusion and raises an important question about whether this absence of CSR information is used to conceal particular CSR activities or passive CSR actions. Another observed gap is that between implementation and the needs of society as well as CSR perception.

The following section discusses the second part of the findings that answers the second research question which seeks an explanation for the practices of CSRR in the context of Saudi Arabia.

7.2 Mapping the Territory of CSRR by Saudi Companies (the Generated Theory)

The outcome of grounded theory analysis will result in “either a well-codified set of propositions or in a running text of theoretical discussion, using conceptual categories and their properties’ (Glaser and Strauss, 1967, p.31). The generated theory of this research is presented as a model that offers an account of a set of findings. The generated theory, therefore, examines and elucidates interconnections between studied concepts and categories, supported by data analysis and reports on what is observed (Glaser and Strauss, 1967). This section discusses the final findings of this research starting with the model previously illustrated in Chapter 6 in order to facilitate understanding the interconnections between the concepts.

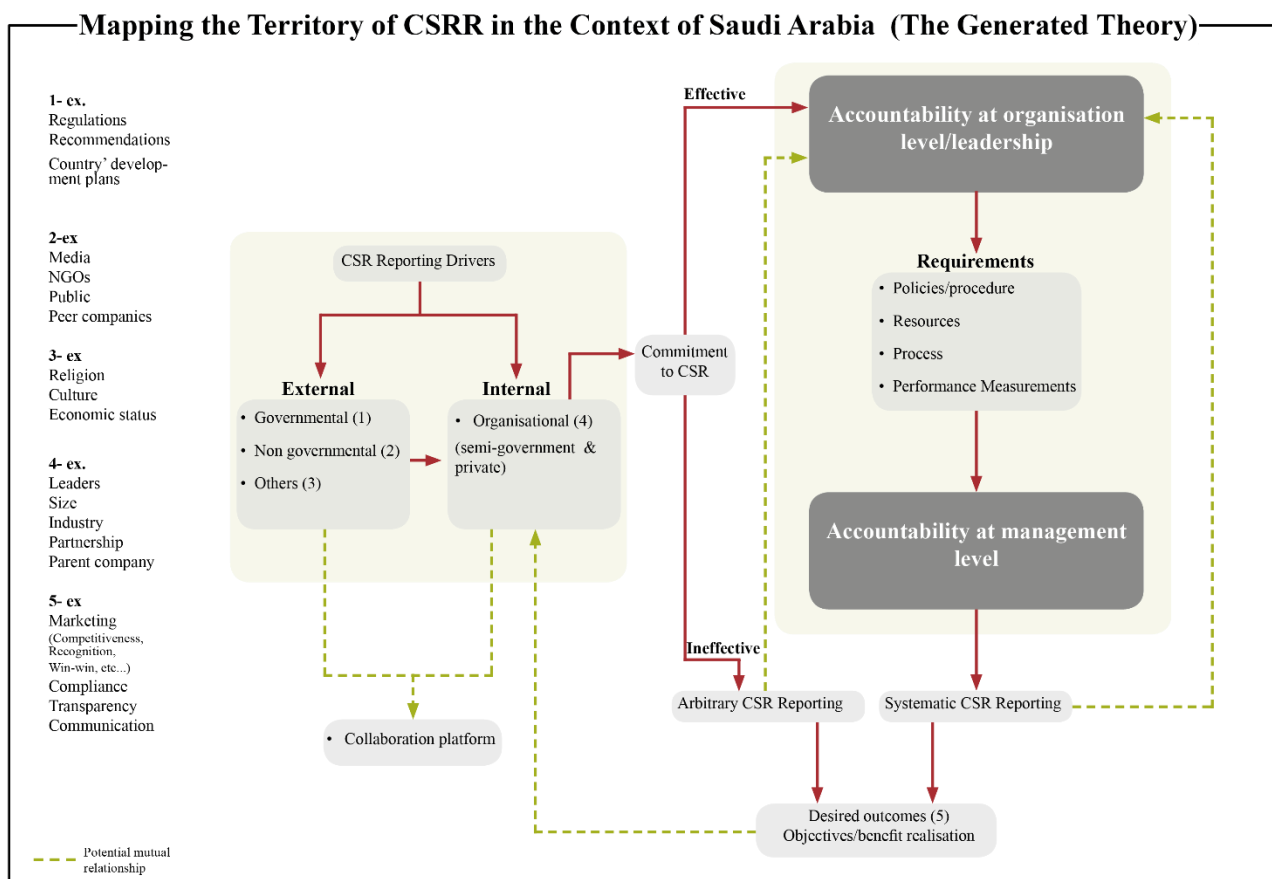
The grounded theory in this research is formulated to suggest the most likely positions of different concepts in the CSRR map (diagram 7.1) relating to Saudi companies, in an attempt to find how they are related. The grounded theory maps the main concepts found in the current CSRR practices in Saudi Arabia. The model is made up of four parts under the headings: Drivers, Commitment to CSRR, Accountability and Desired Outcomes. As described in Chapter 6, the selective coding shows that the most influential concept (the core category) within this group is accountability. The model is constructed in a manner that shows how the data analysis finds clear links between accountability and the other conceptual elements of CSRR. Accountability can connect drivers and desired outcomes, as well as being linked overtly to higher levels of CSRR stemming from company commitment to CSR.

While scholars have examined various facets of CSRR in a number of ways, the extant reviewed literature does not bring these concepts together for investigation. Furthermore, although scholars have considered accountability as is associated to stakeholder theory (see (Gray et al., 1997, Gray et al., 2009) or associated to transparency concept (see Kamla, 2007), it has not been examined as a key concept in its own right and in its specific meaning proposed in this research when interpreting reporting practices.

Accountability- in the current research- is a concept (abstraction) which encompasses different responsibilities within different relationships between organisation and many parties (including society and environments). Accountability is a society and organisation-centred and multi-layered construction (see section 7.3). Accountability in the grounded theory is the engine that mobilises CSRR, thus, a robust reporting can be referred to a robust accountability. Accountability at theoretical level is discussed further in section (7.3) in this chapter.

In the following, the grounded theory components are discussed starting with accountability in relation to the other CSRR elements (drivers, commitment and desired outcomes)

Figure 7.1: The Generated Theory/ Mapping the terrain of CSRR in the context of Saudi Arabia



7.2.1. The Core Concept: Accountability — Tacit and Explicit

Accountability occupies the position of the core concept in the arena of CSRR by Saudi companies. Accountability is recognised by the participants as the focal influential concept for producing systematic CSR reports, and for achieving and maintaining the desired outcomes. From another angle, CSR reports can be seen as a manifestation for discharging accountability (Gray et al., 1996, Gray et al., 2009)) which is an essential requirement to gain a good level of reporting. Relatedly, Guidice et al. (2013) suggest that accountability provides a good explanation for the performance of family businesses in comparison to nonfamily business and subsequent generations of family business. Also, they confirm that “decision makers that felt accountable to individuals of higher status or of mixed status provided more accurate performance ratings” (p. 234).

Accordingly, establishing responsibility for CSRR is the first requirement for discharging accountability (Gray et al., 1988). While some scholars view accountability as merely a dimension of responsibility (Jones, 1977; Agyemang, 2009; Sinclair, 1995), the data analysis carried out for this thesis shows that there is a clear relationship between accountability and responsibility in the Saudi context, which correlates with studies carried out in different settings (Gray et al., 1996; Sinclair, 1995). For example, participants emphasised that once the responsible persons have been identified, it needs to be made clear exactly what this responsibility entails, as well as all the relevant requirements of CSR reporting.

CSR reports are not only a manifestation of accountability but also emphasise the right of access to information (Gray et al., 1988). When Saudi companies seek to disseminate their CSR information using different channels (Gray et al., 2006), they confirm implicitly, or sometimes overtly, their awareness of the role of accountability in discharging CSR information.

Accountability in general, as Saudi managers perceive it, incorporates two main dimensions: first, assigning responsibility and accepting it based on previous desired message and outcomes about a given situation, and, second, an evaluation of how the duty is performed based on shared views and outputs agreed between the responsible person(s) and those assigning responsibility. Thus, the responsible actor is subject to observation and for being accountable for his or her performance.

The perception of accountability by Saudi companies concurs with the definition by Gray et al, (1997) as “the duty to provide an account of the actions for which one is held responsible” (1p. 334). However, it is important to realise that the dimensions of accountability are not always easily identifiable. That is why the grounded theory presented here accommodates two levels of accountability: accountability at the organisation level/leadership level and accountability at the management level. Accountability at the organisation level leads to establishing and then making the CSRR requirements (policies, procedures, performance measurement and resources) available to the lower level (management level). Therefore, the lower level will then be accountable to the higher level and, thus, accountability is disseminated between the two levels.

Accountability at **the management level** is practised **explicitly** because both responsibilities — the responsibility for CSR and CSRR actions, and the responsibility to provide accounts of those actions — are clear and previously assigned. This is because CSR activities and CSRR have to be done as instructed by the organisation, represented by its leaders, as well as the willingness by assigned personnel to accept this responsibility and to provide an account of, or answers to questions regarding, those actions.

From this viewpoint, accountability at the management level seems to turn CSRR inside the company from a voluntary practice to a compulsory practice because of the formal process that it follows. As a result, a systematic CSRR is likely to be obtained due to accountability at management level. This statement is supported by the argument that attributes poor CSRR to reporting of a voluntary nature (Murthy and Abeysekera, 2008). Therefore, accountability at the management level is mostly driven internally by the factors (policies, procedures, resources) that have been set previously by the leaders or top management. As a result, the main stakeholders of CSRR in these circumstances are internal.

On the other hand, accountability at **the organisation level** is mostly driven by external drivers, such as governmental encouragement, government development plans, media, public pressure, and religion and culture; drivers which, in many cases, are not explicitly formulated. This level is related to what Valor (2005) posits as that accountability “should be understood as social corporate control” (p. 197) if we see that ‘social control’ incorporates all the external drivers.

Thus, accountability in such cases is voluntarily accepted to some extent and, therefore, is **tacit and informal**. Accepting this type of accountability (external and voluntary) implies different levels of responsibility that can lead to establishing a mechanism for CSRR inside the company.

The influence of this accountability can be reflected in the leaders' attitudes towards and actioning of CSR in general and CSRR in particular; for example, the allocation of financial resources, adaption of operations, supporting awareness campaigns and influencing opinion within and outside the company.

Furthermore, the impact of tacit accountability can be noticed in collective CSR practices or behaviours across different organisations; for example, the growing interest in the environment-related negative impacts among many companies can be seen a result of a shared source accountability pressure, such as media coverage.

7.2.2 Commitment

The power of tacit and informal accountability is that it has the capacity to reflect the level of positivity held by leaders towards CSRR. A positive attitude can be translated into an effective or ineffective commitment based on the quality of execution. In this grounded theory, in a voluntary environment of CSRR, and a high and effective level of commitment to CSRR will pave the road for the company to engage in CSR practices through applying the concept of accountability.

A number of CSR commitment statements in companies' visions, missions and reports use these as indicators to define disclosure quality and conclusiveness (Kamla, 2007); or to define social and environmental regulations (Tilt, 2016; Schuman, 2013) or to describe how organisations are committed to social and environmental responsibility (Mandurah et al., 2012). However, there is a dearth in the literature in exploring the relationships between the level of commitment, the external and internal drivers and accountability. I argue here that accountability at organisation level needs effective commitment to CSRR that can be created or evolved by external and/or internal drivers, as will be explained later in this chapter.

7.2.3 Arbitrary CSRR and Systematic CSRR

Despite the low level of CSRR in Saudi Arabia as the data showed and aligned with many other studies (Al-Janadi et al., 2012; Khasharmeh and Desoky, 2013; Abdulhaq and Muhamed, 2015), the Saudi CSRR practices can be described as arbitrary and inconsistent, either within companies as a group or within individual companies. This is due to the lack of a formal mechanism for CSRR. There are also transparency issues that may affect the quality and the standards of that reporting.

Tschopp and Huefner (2014) contend that, in general, “CSRR has come a long way since early reports were first issued, but there remain many deficiencies in comparability, consistency, reliability, and relevance” (p. 565). However, the deficiency of CSRR is more acute in developing countries (Visser, 2009). Poor reporting has been linked to the voluntary nature of CSRR (Murthy and Abeysekera, 2008). Furthermore, reporting standards vary because of the voluntarism situation (see Tilt, 2016).

The data from this research show that guidance for companies in Saudi Arabia on how and where to report is not available, so, in many cases, they rely on their own judgements. Furthermore, the existing gap between CSR implementation and CSRR is another indicator of the lack of a formal and systematic mechanism for CSRR in Saudi Arabia. All of these features confirm the arbitrary reporting situation that can mainly be linked - as confirmed by the participants - to the lack or absence of accountability, especially accountability at management level. That is because, without the capacity to call those who hold CSRR responsibility to account for their actions, there is no basis for attaining and maintaining a good standard of reporting.

CSR reports are produced as a result of a ‘shared expectation’ (Frink, 2004, p. 2) between top management/leadership and the producers of CSR reports. As Frink (2004) states “[o]rganizational responses to the need for accountability from its members include the creation of such mechanisms as formal reporting relationships, performance evaluations, employment contracts, performance monitoring...” (p.3). Thus, accountability is an essential aspect for achieving a systematic and sustainable reporting mechanism.

There is a potential mutual relationship between reporting either systematic or arbitrary and accountability at organisational level. Since reports are a manifestation to accountability and a reflection of expectations by firms as to who think they are accountable to and what they are accountable for, reports, in turn, will contribute in shaping the public discourse (Buhr, 2008).

7.2.4 Desired Outcomes/Benefit Realisation

Desired outcomes are the positive results that are expected or sought by practising CSR. Based on whether CSRR is arbitrary or systematic, different types and levels of outcomes are expected to be gained. Also, the sustainability of these outcomes can be attributed to how the CSR activities were systematically processed, documented, measured and then reported.

There is a list - as will be discussed later in this section - of a variety of objectives for CSR activities and CSRR within Saudi companies. These objectives are mainly expected to serve as advantages to the company itself; however, there are some others which are expected to advance society, for example engaging in cooperative endeavours with externals and spreading and enhancing the concept of CSR. Nevertheless, there is a high possibility for interactivity among these objectives.

Many of the desired outcomes that are related to the company revolve around **marketing**. The relationship between **competitiveness** and CSR has been documented in the literature, often relating to the environment and ecologically-sound employment (Schuman, 2013), but scholars have also noted that CSR may be seen as an integral part of competitiveness (Tamkeen sustainability Advisors, 2010; Boulouta and Pitelis, 2014). Disclosing CSR information can serve the **competitive** advantage of the company as a mode of positive promotion, strengthening its **image** and **reputation** and adding value to its brands (Adams, 2002; Yao, 2011; Yelkikalan and Köse, 2012; Ali, 2017). This positive marketing via CSRR can increase employees' **loyalty** as well as customer loyalty (Murthy and Abeysekera, 2008). **Avoiding potential public criticism** also increases the social **recognition** of the business (Yelkikalan and Köse, 2012) as well as enhancing **credibility** with stakeholders (Adams, 2002; Jamali, 2007). **Win-win** orientation is a desired outcome resulting from CSR activities (Baker, 2014).

The desired outcomes previously outlined highlight the connection between the business case and the CSR practices in Saudi Arabia which is more convergent to the Western model (Chapple and Moon, 2005; Tschopp and Huefner, 2014). In addition, CSR in the Saudi context is mainly managed within companies by a committee from the marketing or HR department while accountants, in most cases, are not involved. Despite the fact that concepts like philanthropy and giving back show an important threshold of awareness has been reached regarding the concept of CSR in Saudi companies, the desired outcomes that are being manifested for marketing purposes may shift the emphasis in developing countries, and especially Saudi Arabia, from a philanthropic orientation (Jamali, 2007; Emtairah et al., 2009; Visser, 2009) to the importance of the business case.

Compliance with standards and then reporting is accountability in action, as accountability acknowledges the right to information about companies' practices (Gray et al., 1996). Compliance can be understood in the Saudi context as compliance with governmental regulations and recommendations regarding the environment and social responsibility, as well

as compliance with religious and cultural norms. While companies are obliged to comply, mainly to environmental (Naser and Nuseibeh, 2003; Tschopp, 2012) and employee regulations, as in other countries, there is no obligation regarding religious (apart from *Zakat*) and cultural rules and standards (see for example Issa (2017) who found that reporting using the GRI guidelines is low and that *Zakat* is the CSR socially-related activity most practised by these Saudi companies). However, companies in Saudi Arabia are usually and voluntarily highly respectful of these expectations and rarely breach such rules intentionally.

Even though the current Saudi CSRR practices have some **transparency** issues, such as a lack of detail and a reluctance to make negative disclosures, transparency is still anticipated as an expected outcome from CSRR. This may be because of the potential association between enhancing credibility and image by reporting some bad news (Adams, 2002). However, there is a consideration regarding not only the extent of disclosed bad news, but also the type of such news which, if they are not chosen carefully, may negatively affect the company's image. This fine line between enhancing credibility and losing it demonstrates the fear of a company of being accountable for its negative actions.

Due to the perceived importance of this concept, there are calls for mandating CSRR in order to create more transparency. This has been seen in a number of countries particularly regarding, but not limited to, the environment; for example, in Canada (Tschopp, 2012), Germany (KPMG, 2013), Malaysia (Manaf et al., 2006) and Spain (Schman, 2013). Thus, it is clear that transparency and accountability are linked and the extent of perceived levels of transparency, communicated via CSRR, can have a positive or negative impact on trust. Relatedly, Kamla, (2007) adds to the absence of bad news in companies' reports the absence of auditing, where both are supposed to be a system for provision of information for societies.

Communication is one of the desired outcomes. CSR information is used by Saudi companies to connect with their stakeholders and to influence perceptions of the company. Using different methods to disclose CSR information confirms the company's desire to disseminate it widely for a variety of users. This shows how the reports are used to communicate details of the company's activities and to create a specific company image, especially via voluntary disclosure. For example, annual reports as a medium for disclosing CSR information serve to enhance understanding and to create a positive picture of an organisation; therefore, these reports are an important medium of communication (Tewari, 2012). Hartman et al. (2007) pointed to that investors - Americans in particular - consider corporate communication about

CSR by reviewing issues related to corporate citizenship when making investment decisions. Using the Internet as a communications channel is popular with Saudi companies due to its cost-effectiveness, ease of access and the ability to reach large numbers of stakeholders. The advantages of using the Internet in the Saudi context is also confirmed by scholars Khasharmeh and Desoky (2013).

Even though Saudi companies do not clearly prioritise targeted stakeholders - other than shareholders and government - there is a reasonable level of attention paid to the role of CSR information in facilitating interaction with a range of stakeholders. CSRR communicates the company's concept of philanthropy, charity and its engagement with society's needs.

Based on the previous discussion, there are a range of desired outcomes of CSRR (marketing, compliance, transparency and communication) which have different levels of importance. Some desired outcomes are the result of others (for example, a positive company image can lead to enhanced credibility). The data show that desired outcomes can also be internal drivers. For example, the relationship between compliance, image and company reputation will often influence company leaders' perceptions and attitudes towards CSR. However, participants did not explicitly articulate this connection.

7.2.5 CSRR Drivers

Scholars examine CSRR incentives using a range of research foci, in different geographical contexts, while deploying a variety of methodologies (Adams, 2002). As a result, the literature contains a number of terms labelling these incentives. For example, 'motivations' (Murthy and Abeysekera, 2008), 'determinants' (Huang and Watson., 2015; Yao et al., 2011), 'factors' or 'variables' (Adams, 2002; Jamali and Mirshak, 2007), and 'drivers' (Tschopp, 2012) when considering the reasons for companies to undertake CSR.

This thesis distinguishes between the term 'desired outcomes' (sometimes referred to in the literature as motivations or drivers) and 'CSR drivers'. As mentioned above, desired outcomes are the positive results that are expected or sought by applying CSR practices, while CSR drivers are the forces that have the capacity to influence and drive a company's CSRR behaviour.

Within the extant literature, there is no definitive list of CSR drivers; nor is there broad agreement regarding the most common or influential. There are several of these drivers that potentially influence Saudi companies to report on their CSR activities. However, as Tschopp

(2012) points out, “there is often just one primary reason companies issue a CSR report” (p. 7). The grounded theory presented by this thesis groups these forces into external drivers and internal drivers.

The **external drivers** are outside the company. The external drivers that have been identified by the findings of this thesis are the government (through its regulations, including development plans and recommendations), non-government (public, NGOs, media and peer companies), and others (religion, culture and the economic situation).

Government has proved to be an important external driver and even, in some cases, a primary driver. This explains why ‘compliance’ is an important desired outcome. Companies are more likely to report their CSR information if there are governmental regulations that can be imposed. The importance of government to CSR has been discussed and documented in the literature (see for example, Belal and Qwen, 2007; Unerman and O’Dwyer, 2007 Kamla, 2007; Tamkeen sustainability advisors, 2010; Yao et al., 2011; Tschopp, 2012; Fifka, 2013).

However, mandating CSR regulations needs to be carefully considered as, especially in developing countries, this may ‘breed further corruption’ (Belal, 2004, p.281). It may also lead a company to direct its CSR activities to serve its own interests as the data presented in this thesis show. The participants of this research favoured mandating CSRR, but not CSR activities. This demonstrates the importance of the role of the government in driving CSRR, while, at the same time, leaving space for companies to choose their CSR activities voluntarily. However, some scholars (Gray et al., 1988) are in favour of minimum levels of mandated disclosure.

Not only are regulations assumed to increase reporting, but the guidance and recommendations from regulators can also contribute to the growth of reporting rates (KPMG, 2013, 2015). In the Saudi context, the impact of government rules is more apparent in the case of environmental protection regulations. These types of regulations are growing in importance globally (Al-Tuwaijri et al., 2004; Gray et al., 1998; Ali and Rizwan, 2013) and, thus, are becoming more important for Saudi companies operating across international markets. In this connection, but from different angle, a study by Al-Janadi et al. (2016) shows that voluntary disclosure by Saudi companies is negatively influenced by government ownership, but has heavy influence on management’s decision-making. This result adds to the clear potential influence that government has.

The second group of external drivers are **non-governmental**. For example, pressure from the **media** is shown by this research to have a type of power to direct companies' attitudes and behaviour towards CSRR. Saudi companies use media (particularly the Internet) as a source of information reflecting the various viewpoints of their stakeholders, as well as for disseminating its CSR information. While the media significantly contributes to the spread of the CSR concept, it is argued by Tamkeen Sustainability Advisors (2010) that this adds to width not to depth, as it is limited to the "sense of rewarding responsible corporate practices and criticising corporate irresponsibility" (p. 9)

These media-based interactions demonstrate the important role that media plays; firstly, in attracting stakeholders' attention to a company's CSR activities, and, secondly, in presenting public expectations and exerting pressure on the company to report on its responsible actions (Visser, 2006; Yao et al. 2011; Tschopp, 2012). Therefore, media not only facilitates public awareness regarding the impact of companies' actions, especially environmental issues, but also functions as a convenient way to disseminate the company's CSR information (Manaf et al., 2006) and provides timely communication to broad range of stakeholders (Saleh, 2009).

The role of **NGOs** as external and non-governmental drivers is not as influential as the media, but cannot be ignored in the context of Saudi Arabia. This is particularly the case with the indirect pressure of international NGOs raising awareness of CSR issues. National charity institutions also have a degree of influence, as Saudi companies find them as a convenient channel to apply their philanthropic approach of CSR.

The impact of NGOs on CSRR is noticeable when the role that is played by the NGOs is prominent across the entire business system, as is the case in Malaysia (Saleh, 2009) and Brazil (Tschopp, 2012), whereas the opposite is true in Bangladesh where NGOs exert very little pressure (Belal, 2004; Momin, 2006).

Public pressure in Saudi Arabia is growing as a result of increasing societal awareness of the consequences of companies' actions as well as the role of business in society as a whole. Societal expectations create pressure on companies for more information relating to their practices, not only economic activities, but also social and environmental activities. Failure to respond to this type of pressure may lead to a loss of credibility or reputation and, in some cases, legal action (Naser et al., 2006; Kabir and Akinnusi, 2012). Even though public pressure is not a primary external driver in the Saudi context - unlike in many developed countries where public pressure is a main driver for CSRR (Adam, 2002) - it seems that it is gaining more

importance; this is especially due to its link to tacit accountability, which is defined by this thesis as the core concept in the arena of CSRR in Saudi Arabia.

Currently, public pressure in Saudi society is not organised by bodies such as unions and formalised pressure groups, as is the case in many developing countries (Haniffa and Cooke, 2005). However, the power and effectiveness of social media is bringing together voices and increasing the momentum of public influence regarding, for example, employment and environmental issues. The more visibility and exposure the company has, the more attention it receives and the potential pressure that may be exerted increases. SAGIA's (2008) study emphasises the connection between the pressures of different stakeholders and the growing focus on accountability and transparency. The study highlights the public awareness of national and international issues as well as public expectations regarding companies' economic, environmental and social impacts, on growing demand for publicly reporting CSR activities. It is therefore, important for the company to firstly identify and define the sources of criticism, and then prioritise engagement with stakeholders, in order to construct an effective communications framework that is capable of responding to that pressure. That means having to extend social reporting and the accountability of organisations beyond shareholders to include other stakeholders whereby the public are a part (Gray et al., 1988, ; Gray et al., 1996; Kamla, 2007).

The influence of **peer companies** is apparent, especially where there is an absence of national official guidance. A company will observe other companies' successful reporting behaviour, using it as a guide for practice, and, thus, a mimetic mechanism - the third level of institutional theory (Gray et al., 2009) - is adopted by companies as a convenient solution to a lack of formal guidance. Some scholars do not recognise this mimetic behaviour as originating from a goal-oriented perspective (Shabana et al., 2017). However, in cases such as these, CSRR is carried out with a desire to be on a par with peers and from an awareness of desired outcomes to be gained from that reporting. While the imitation of CSR behaviour can lead to a state of homogenisation within a particular industry, it can also lead to a lack of creativity regarding CSR activities. Mimetic behaviour can stifle CSR innovation and the range and scope of activities.

The group of **'other' external drivers** refers to drivers such as religion, culture and the economic situation, aspects of which are part of daily social and business life that are not directly controlled by government or other institutions. These drivers can often be defined by

their impact. The values, rules and norms associated with these drivers implicitly shape the behaviour of business in a society (Haniffa and Cooke, 2005; Matten and Moon, 2008; Wang and Juslin, 2009). Culture is influenced by religion so, they are strongly related (Sulaiman and Willet, 2003). In this thesis, religion, culture and the economic situation have been identified as potential influences that might drive the CSRR behaviour of companies in Saudi Arabia.

The potential for religious and cultural influence on Saudi business is due to the companies operating in an overtly religious society, where Islamic teachings are dominant and highly respected across the nation. Saudi culture is deeply rooted and reliant on Islamic teachings (Kamla 2007). Saudi society tends to maintain rigid rules regarding belief, behaviour and normative thinking that leads to great respect for norms and traditions (Hofstede 1980; Cassell and Blake, 2102). Saudi Arabia is considered a collectivistic society, one which nurtures strong relationships among its groups' members (Ronnegard, 2013), and positively acknowledges hierarchical order and centralisation in business as well as in national and social contexts (Hofstede Insights, no date). The value that Saudi society places on relationships and associated hierarchies may explain the need that companies have for seeking models of CSRR practices that allow them to imitate successful companies.

The integration of women in the Saudi workforce is an important and debated issue, especially in the international media, as part of a broader discussion about women's rights (Emtairah et al., 2009). Due to predominant social discourse and cultural forces, Saudi businesses used to face significant challenges in creating suitable work opportunities for women and, thus, difficulty in increasing female numbers in the workforce (Emtairah et al., 2009). These challenges currently seem to be dissolving as a result of a number of political and social changes. Data analysed from this thesis research seems to show notable improvements in women's participation in the workforce in general, with numbers increasing. It is also clear that women are beginning to hold high-level management positions and are leading on CSR in some companies.

It was evident throughout the data analysis that Saudi companies recognise a strong relationship between CSR/CSRR and the religious and cultural value system of the country. Islamic teachings, such as giving back, fairness, honesty, justice, helping others, not harming people or the environment, acting responsibly and doing good in general, are seen as values that need to be applied in CSR practices. This shows why the philanthropic approach carries weight when

defining CSR in Saudi Arabia, as well as in implementing this concept inside the company, as previously explained at the beginning of this chapter.

The religious and cultural influences on CSR activities, as well as on reporting, manifest in many CSR programmes (supporting health and people in need, for example) and can be disclosed under categories such as ‘donations’ or *Sadaqaht*, a term that is directly linked to the teachings of Islam. *Zakat* is another category that refers to the annual mandatory 2.5% of income payment that is payable to the government, but must be used for charitable purposes according to specific Islamic criteria. Islamic influence on Saudi business culture can be seen also on business education wherein many Islamic accounting courses are offered in Saudi universities and, more recently, the spread of Islamic banking systems where financing and accounting are practised according to Shari’ah, which prohibits interest contracts (Kamla, 2007)

The importance of religion and culture as potential drivers identified in this thesis is consistent with many other studies (Jamali and Mirshak, 2007; Kamla, 2007; Visser, 2009; Tilakasiri, 2011; Ronnegard, 2011; Khurshid, 2013; Ronnegard, 2013; Tilt, 2016). It is argued that understanding national culture advances provides broader insight on how informal institutional settings such as religion and culture can impact corporate initiatives and enhance social welfare (Halkos and Skouloudis, 2016). Visser (2009), however, also cautions that overt religious requirements towards society may narrow the scope of CSR activities and reduce development away from a mostly philanthropic approach.

The data gathered from participants in this thesis study show that Saudi business representatives see the link between the CSR concept and Islam. Some participants see CSR as a concept originally emerging from Islamic teaching and one which does not require separate terminology to describe it. It is assumed, for example, that the practice of giving is firmly rooted in Saudi culture and does not need to be created or actively encouraged. SAGIA (2008) notes that this “deep seated tradition of giving offers a strong starting point to further implement CSR practices into business” (p.14). At the same time, participants were aware and very open to the broad framework that interweaves CSR into the mainstream activities of the business.

Furthermore, the Islamic view of responsibility embraces concepts such as transparency and accountability that require disclosing information, which assures fair business practices and responsible use of resources. Through disclosure, everyone in the process will be accountable, not only to *Allah*, but to all those involved, because avoiding causing harm to anyone is a

significant meaning of the notion '*Ummah*' that is central to Islamic ethics and is conducive to CSR (Jamali and Sdiani, 2013). That said, some companies tend not to disclose all of their donations in their annual reports, as Islam favours an anonymous approach to charitable giving (Momen, 2006; Jamali, 2007); it seems from my data that this attitude is more prevalent in family-run companies where the owner is the main decision-maker. Therefore, this idea of the value of anonymity cannot be generalised for shareholder companies where the transparency concept is present in the business culture and disclosing CSR information enhances the company image in a religious society and also reflects well upon its stakeholders and shareholders (Kamla, 2007).

Many Saudi CSR programmes were born out of **economic and political situations** and changes, for example, Saudization and unemployment. Manifestations such as these of Saudi economic conditions are important business CSR concerns. While international discourse puts labour rights, workplace conditions, the environment and corruption at the centre of the international CSR agenda (Visser, 2009; Emtairah et al., 2009), the central role of CSR in Saudi Arabia is to tackle widespread unemployment by balancing foreign versus local employment. This is because Saudi companies are heavily reliant on large numbers of workers recruited from outside the country. Companies' CSR contributions to education and health are another indicator of the alignment of CSR practices with the requirements of the economic change. The Saudi economy, like many other Arab countries, is orientating towards the global economy and open-door policies, encouraging privatisation and foreign investment (Kamla, 2007; Informa Middle East, 2014).

Although the influence of the economic situation is more apparent regarding CSR activities (see, for example, Haniffa and Cooke, 2005; Kamla, 2007; Visser 2009; Tilt, 2016) than on CSRR, it can be argued that economic diversification and growth are expected to encourage more companies to engage in CSRR due to international partnerships and create more awareness for business leaders and the wider Saudi society. It is likely that more uniformity in CSRR practices will be seen with greater integration in the global market. However, this may not be the case if national regulations and economic conditions necessitate specific mandatory CSRR practices (Eljayash, 2013).

The **internal drivers** are the drivers that are associated with the main characteristics of the company and its internal context, such as: leaders, company size and sector, partnerships and parent company. This research found that these internal drivers are likely to influence the nature

(i.e. the quality, quantity, and dissemination of reporting) and the extensiveness of CSRR in Saudi Arabia.

Leaders are one of the most important internal drivers because of their significant impact on the adoption of the concept of CSR, actively engaging the company with CSR, selecting and implementing suitable CSR activities, and communicating outcomes with prospective stakeholders. The voluntary setting provides a space for leaders to apply their perspectives in this regard, which may be shaped in different ways; for example, their personal attitudes towards CSR and the business case for CSR, especially when the shareholder perspectives are prioritised (Gjølberg, 2009). Business leaders are influenced by social and cultural norms, economic and political aspects and, accordingly, the various contributions that companies can provide to support national development (SAGIA, 2008). The attitude of the top management will be reflected in its commitment to CSR, which is formed by different external and internal drivers (Adams, 2002; Jamali, 2007; Tilt, 2016). As this thesis shows, there is a clear relationship between corporate leadership commitment and explicit accountability when it is formal. Valor (2005) suggests that companies change their behaviour according to the change in the moral values of the decision-makers and this is a condition for accountability.

The **size** of the company appears to be also an important internal driver to CSR disclosure (Adams, 2002; Gray, 2007; Yao, et al., 2011; Garriga and Mele, 2004; Holder-Webb et al., 2009), as is the industry in which the company operates. As noted above, large companies are more visible and exposed to different types of pressures than their smaller counterparts. It is more likely to see more CSR information disclosed by big companies than small enterprises (Adelopo, 2013; Bayoud, 2012). Furthermore, it is possible that company size can impact on the formality of the reporting process, due to the availability of resources for CSR activities and CSRR, and the responsible department within the company (Adams, 2002). It has been shown that business size is a factor in variations regarding CSRR practices (Khasharmeh and Desoky, 2013); however, some scholars (for example, Ponnu and Okoth, 2009) do not recognise a significant relationship between CSRR and a company's size.

The **industry** within which a company operates plays an important role in driving CSRR. The nature of a company's work can lead to it experiencing higher levels of scrutiny from different stakeholders and society at large, especially when the core of its work is environmentally sensitive. This puts pressure on particular companies (oil and manufacturing companies, for example) to avoid negative attention from either the public or the government. This is one

explanation for the variation in CSRR (Gray et al., 1995; Gray and Bebbington, 2001). Saudi companies in the oil and energy industry, for example, tend to disclose environmental information more than other industries; this is in order to maintain a positive image and to meet stakeholders' expectations regarding the impact on the environment and society. Therefore, as the particular industry has an influence on CSRR (Manaf et al., 2006) this influence can be seen in the type and quality of the disclosed information (Eljayash, 2013), which may drive companies to mainly disclose positive or neutral information (Gray et al., 1995; Kamla 2007)

The data support the idea that a business **partnership** is a good instrument for enhancing CSR activities and the CSRR of the partners. The partnership can bring the company into association with the government or with national or international partners. The association with government offers potential for applying the governmental CSR vision and is expected to foster and improve the CSR practices inside the company (Dobers and Halme, 2009). Partnerships with international companies that have high CSR profiles can facilitate transferring knowledge and expertise between partners and helps in tackling ongoing challenges. Some Saudi oil companies have gained some experiences, through some international partnerships, in how to interweave the CSR concept into a whole business process and how to engage in responsible practices. The role that partnerships play is very important, especially for Saudi companies, in order to address many issues, like protecting the environment and solving human capital problems (Tamkeen Sustainability Advisors, 2008; Ali, 2012).

The **parent company** in the Saudi context has an important role in issuing a CSR report and also in defining its content. The driver 'parent company' is classified here as an **internal** driver because the company and its parent are very often both based in Saudi Arabia. This is not usually the case in developing countries, for example Bangladesh, where parent companies and their influence tend to originate from developed nations (Belal and Owen, 2007) The influence of the parent company stems from instructions flowing from the parent company and the compliance that is expected (Jamali 2007). In the Saudi context, where there is no official guidance, companies may seek advice from their parent company regarding CSRR practices. However, this does not mean copying the parent company, as other factors may prevent duplication, such as the availability of resources and the stakeholders' requirements; or, for example, it might be that the company uses the ISO 14000, while the parent company uses the G4 (Tschopp, 2014).

Previously presented, the substantial elements of CSRR map - CSRR drivers, accountability, arbitrary/systematic reports and desired outcomes - were outlined, discussed and correlated. The following section is devoted to discussing the generated theory in relation to the existing theories.

7.3 The Generated Theory and the Existing CSRR Theories

The map/ model discussed earlier - wherein accountability appears as the core concept- articulates a range of concepts and the main elements of Saudi CSRR territory. It provides an initial but wide-ranging look that can guide us in approaching an explanation for CSRR practices. The focus on ‘accountability’ is a potential way of seeing and understanding the picture like many other existing theories; however, it differs in that it is a tentative attempt. Theory, according to Gray et al (2009) “is, at its simplest, a conception of the relationship between things. It refers to a mental state or framework and, as a result, determines, inter alia, how we look at things, how we perceive things, what things we see as being joined to other things and what we see as ‘good’ and what we see as ‘bad’” (p.6)

Accountability- in the grounded theory of this study- as discussed previously in this chapter and also in chapter 1, is not a new concept in the social accounting field, nor does it exclude any potentiality of other existing theories that are capable of evaluating and explaining the addressed practice. The lens that is used in the investigation in addition to the availability of contextual considerations in regard to the phenomenon under enquiry is what enables a theory to evolve and be shaped.

However, it is argued that many theories utilised to provide interpretations of CSR (most notably stakeholder theory and legitimacy theory) are complementary rather than contrasting with each other. These full theories have been criticised for providing incomplete explanations for the phenomenon under investigation (Gray 1996; Adams 2002; Gray et al., 2009; Deegan 2002) and because they “exhibit a significant bias towards the private sector, developed countries and large organisations” (Gray et al., 2009, p.20). Omran and Ramdhony (2015) take this further and suggest that the empirical application of different theories shows that one theory may succeed in one place but not in another; for example, legitimacy theory is more suitable for developed countries while stakeholder theory fits better with organisations that operate in developing countries.

While the framework of the theory generated in this study is originally descriptive (positive theory), it deductively suggests normatively what should be done to achieve systematic reporting (see Chapter 6 and 7).

Glaser and Strauss (1967) recommend that a newly developed substantive theory should be compared with more formal theories that already exist. This allows for the substantive theory to be linked to the body of existing knowledge and, furthermore, a substantive theory may enable the development of a grounded formal theory.

Even though the data analysis evolved to present the accountability (at both levels) as the main interpretation for CSRR practices in the context of Saudi Arabia, variants of the existing full theories were able to provide some explanations, especially stakeholder theory, legitimacy theory and institutional theory.

7.3.1 Stakeholder Theory

Stakeholder theory started to develop during the sixties through its involvement in the study of organisation and management but it attracted more interest in the 1980s through the work of Freeman in 1984 (see Freeman 2004). The theory defines a wide range of stakeholders in an organisation who can influence, and are influenced by, the organisation. These include employees, the government, communities, society and even the environment. Through this theory, it is recognised that the stakeholder plays a key role in influencing- either positively or negatively- an organisation and thus the viewpoint of stakeholders ought to be considered carefully by those in managerial roles (O’riordan and Fairbrass, 2008). Hence, organisations will last longer if they are effective in managing the needs of their stakeholders (Johnson-Cramer, 2008; Smith et al., 2005); their need for information is important and a dialogue between the organisation and its stakeholders is necessary. Disclosing information about corporate social responsibilities -especially via annual reports - is an essential way of establishing that dialogue (Gray et al., 1997; Unerman and Bennett, 2004; De Villiers et al., 2014)

Stakeholder theory also suggests that in order for an organisation to maintain its relationships with the stakeholders it needs to manage and monitor the changes in these relationships and to act accordingly. Prioritising the stakeholders is subject to change as it is dependent on managers’ perspectives.

Stakeholder theory in CSR has been used and debated widely (Gray et al., 1997; Smith et al., 2005; Cooper and Owen, 2007; Oriji 2007; Gray et al., 2009; Riordan and Fairbrass; 2014). However I am relying here on the work of Gray et al. (1997) and Gray et al. (2009), which explicitly posits that stakeholder theory is connected with **accountability**; however both are based on earlier work by Gray et al. (1996) and are also reemphasised in Gray et al. (2014). According to Gray et al. (1996) and Gray et al., (2009), there are two variants of stakeholder theory: the normative variant and the empirical variant. In the first variant, an organisation perceives the relationships with its stakeholders as socially-based and any relationship includes both responsibility and accountability. Therefore, the nature of the relationship will shape the nature of the accountability that the organisation is expected to exhibit to its stakeholders. Gray et al. (2009) state that, “this is the normative approach to accountability. It has little descriptive or explanatory power in a social accounting context” (p.19). In the second variant, the stakeholders are identified by the organisation “not by society as they would be in the accountability framework” (p.19). Thus, firms manage their relationships with their stakeholders- according to their importance to the organisation- and financial and social disclosure is an important part of that management. This primary focus on the stakeholders from the perspective of the management – which Gray et al. (1997) call empirical accountability - has the possibility “to interpret a proportion of social accounting and disclosure as commensurate with an organisation operating in accordance with stakeholder theory [and] encourages us to interpret examples of voluntarily disclosed social accounting as indicative of which stakeholders matter most to an organisation and, thus, those which the organisation may be seeking to influence” (p.20).

To clarify further, Gray et al. (1997) put the previous discussion of stakeholder theory and accountability into three layers of perspectives and suggest that they overlap. The three perspectives can be used together to understand the interaction between an organisation and society. The first layer is the stakeholder perspective, which is organisation-centred. This layer/theory is objectively concerned with defining the stakeholders, their priorities and what information should be disclosed. Generally speaking, the stakeholders are those of beneficiaries - most likely economic- of the organisation. Corporations are typically concerned with managing their stakeholders’ needs and, consequently, voluntary social disclosure- if any- is assumed to be in a firm’s interest and shows its willingness to discharge its accountability.

The second layer is the accountability perspective, which is society-centred and is defined as “the duty to provide an account of the actions for which one is held responsible” (Gray et al.,

1997, p. 5). Accountability assumes the existence of relationships between organisations and the right to information. It also assumes that the nature of that relationship is shaped by the society. The information provided based on that relationship is shaped by the power of each party. The information “could arise from either the intrinsic abilities and power of the groups concerned or from the legislative processes of the society) and/or the willingness/desire of the organisation to provide it” (p.5). From another angle, the assumed right to information can be legal (positive) or moral (normative). This is where stakeholder theory and accountability depart (although there is no clear line).

This strand (the accountability perspective) is strongly connected to the grounded theory of this study. For both, the presence of accountability in interpreting the social account is important. Also, they share the inclusion of responsibility in the relationships between organisations and many related parties (including society and the environment). However, while accountability is seen by Gary et al. (1997) as a ‘duty’ it is seen in grounded theory as an ‘abstraction’ that is the outcome of a group of related concepts and thus the ‘duty’ is part of that ‘abstraction’. Accordingly, accountability in grounded theory- in particular at the organisational level- is not only society-centred, but also encompasses the organisation view. Consequently, the organisation and the externalities (including norms and culture) can shape the interrelationships. Despite the importance of the power of the parties in creating and shaping the information provided by the ‘accountor’ to the ‘accountee’/principal (see chapter 3) as a way of discharging accountability, it can be viewed as a multi-layered construction, from self-built accountability (where even though there is no power to discharge the accountability social information is disclosed) through to legally-built accountability (where it is compulsory). Accountability in this grounded theory is presented in two levels: at the management level (where the accountee is the organisation) and at the organisational level (where the accountee is usually external but might be internal too). Accountability in the map of the grounded theory can be described as a vehicle of CSR reporting. Thus, we can refer any robust reporting to robust accountability and vice versa. In view of that, it is possible to interpret the CSRR in the context of Saudi Arabia using the lens of accountability. However, it is noteworthy that accountability does not stand as an aim by its itself but rather it is needed to achieve the organisation’s desired outcomes.

The third layer is the ‘polyvocal citizenship perspective’ or what is commonly called the ‘stakeholder dialogue’ approach. This perspective is stakeholder-centred and built on the notion that there is a voice in the organisation for each stakeholder. In applying that to social

reporting, we find that the social account contains the voices of the stakeholders, from which a pre-identification of the stakeholders is required as well as the key issues for them.

Defining the stakeholders in stakeholder theory in both approaches (organisation-centred and stakeholder-centred) is an essential element in applying the theory to interpret the reporting practices. The participants in this study about Saudi corporations showed an inability -on many occasions- to clearly define their stakeholders, not to mention prioritising them. In view of this and the apparent lack of public pressure, it might be possible for stakeholder theory to interpret only part of the social information in the Saudi context if it is legally required.

7.3.2 Legitimacy Theory

Legitimacy theory- as well as stakeholder theory- was developed on the premise of a social contract approach. It has been used extensively - along with stakeholder theory- in the field of CSRR (Adams 2002; Gray et al., 2009; Deegan, 2002; Omran and Ramdhony, 2015; Tilling, 2004; Owen, 2007). Suchman (1995) defines legitimacy as a “generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (p. 574). The theory argues that organisations seek their legitimacy in the society in which they operate by showing that they concur with the value system of that society. Much CSRR can be referred to legitimacy theory, which offers an important interpretation for types of disclosure. For example, disclosing positive rather than negative information can be recognised as a way for an organisation to demonstrate- and then legitimise- its harmony with the expected societal values. In effect, a corporation’s strategies must change to adapt with the continuous changes in societal perceptions in order to maintain its legitimacy (Deeagan,2002; Gray et al., 1996). During the analysis process of this research, little support was found for this theory, except for a few incidents such as disclosing information related to ‘Saudization’ and ‘Zakat’. The theory fails to explain the gap between CSR activities and CSRR where the latter does not reflect the actual practices of the CSR implementation.

7.3.3 Neo-Institutional Theory

According to Scott (2004), institutional theory “considers the processes by which structures, including schemas, rules, norms, and routines, become established as authoritative guidelines

for social behavior. It inquiries into how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse” (p.461). Therefore, institutions are at the centre of any social structure, and firms operate within a web that includes cultural, legislative and economic institutions. External institutions have the power to influence and penetrate organizations in many aspects (for instance, in regard to how they are built and run) (Suchman, 1995). The institutional environment in which the firm operates creates different pressure/forces upon organisations, which in turn must adapt and conform to these forces in order to maintain their legitimacy, secure resources and survive (Scott, 1995). Institutional pressure on organisations can also be exerted from peer companies in the same industry. An important insight into this theory is that in uncertain situations, firms often seek to mimic the behaviour of their most prominent peers rather than optimising their practices (DiMaggio & Powell, 1983).

Even though the theory can provide a useful lens through which to interpret some of the findings of this study, especially the mimetic isomorphism assumption, it fails to explain some others. For example, Saudi corporations seek to imitate their peers or local companies due to the uncertainty in CSR and the CSRR environment, which echoes an important assumption in the theory (imitation). Also, the findings show the inapplicability of international CSRR standards, such as the GRI, to Saudi corporations, which concurs with the notion that different institutional environments will exert different pressures, a key assumption in institutional theory. However, the theory fails to provide an explanation for the essential role that the leaders (who are internal) play in CSRR due to the fact that institutional theory suggests that firms act as a response to external pressures rather than internal.

7.4 Conclusion

This chapter portrayed and discussed the findings of this study in detail against the existing literature and highlighted where this research adds to knowledge. The discussion was structured to cover the two main parts of the findings. The first part discussed the three main classifications of the Saudi CSR practices; CSR perception, CSR implementation and CSRR. This first part of the findings answers the first research question, which seeks to highlight how the current CSRR practices are perceived by Saudi corporates’ managers. Answering this question aimed to build a detailed picture to the three CSR practices. The discussion showed many similarities to- and differences- from the literature as well as shedded light on how they

were employed in order to provide a categorised dissection of the CSR practices and to lay down the infrastructure of interpreting the reporting practices. Although the results of this dissection was detailed, explained and diagrammed in chapter 5, it is summarised and discussed in this chapter considering its linkage to the second part of the findings (the generated theory that was explained in chapter 6).

The second part of the findings (the generated theory) answers the second research question which seeks to interpret and provide a compelling explanation for the Saudi CSRR practices. The grounded theory outcomes were formulated in a model (diagram 7.1) which maps the CSR territory.

The model is made up of four parts under the headings: Drivers, Commitment to CSRR, Accountability and Desired Outcomes. While CSRR literature has examined various facets of CSRR in a number of ways, the extant reviewed literature does not bring these concepts together for investigation. The map shows how accountability (the core concept in the grounded theory) links corporate CSRR to its drivers and its desired outcomes. Accountability is the engine in the CSRR mechanism and appears at two levels: at organisation level/ tacit accountability and accountability at management level/ explicit accountability.

Thus, accountability in this research is not only recognised as society-centred but it equally considers the organisation. On the map accountability is the focal concept for producing systematic CSR reports, and for achieving and maintaining the desired outcomes. Therefore, CSR report is a manifestation of accountability and emphasises the right of accessing information. Thus, CSRR and accountability are inherently dynamic and need to be examined not only at company level, but also at sector and national levels.

The chapter outlined, discussed and correlated the main concepts in the model – CSRR drivers, accountability, arbitrary/ systematic reporting and desired outcomes- in addition to the components of each main concept such the role of the government, media, peer companies, culture and religion, leaders and industry. The chapter concluded with a wide-ranging look at the generated theory however by comparing it to most notably existing CSRR theories such as stakeholder theory, legitimacy theory and neo- institutional theory.

The next chapter concludes the thesis, highlighting the research contribution, its limitations and provides some recommendations.

Chapter 8

Conclusion

8.0 Introduction

The preceding Chapter discussed the two main parts of the findings of this study (full description for CSR perception, CSR implementation and CSRR by Saudi companies and mapping the territory of CSR reporting) and showed how the research questions have been answered. The first part of the findings answered the first research questions (Chapter 1): How the current practice of corporate social responsibility reporting is perceived by Saudi corporates' managers? The second part of the findings answered the second research question: What does constitute an explanation (or theory) for CSRR practice in Saudi Arabia? In addition, Chapter 7 linked the findings with the existing literature.

The current chapter summarises and concludes on these results outlining first in section (8.1) the main findings and providing further insights on its implication. The chapter also devotes the section (8.2) to cover the study contribution and the findings contribution to the literature, to methodology, to theory and to practice. The chapter also identifies number of limitations in the section (8.3) and outlines recommendations for future research in section (8.4) and then concluded with a summary in the section (8.5)

8.1 Research Overview and Summary of the Findings

The study focuses and reemphasises the insight that corporations should demonstrates their responsibility towards the environment and the wider society by disclosing their commitments to this responsibility to many of their stakeholders. However, there is no practical guidance inherent in this normative stance especially in the Saudi Arabia contextual arena. The findings of this study revealed that even though CSR is perceived as an important concept (despite the uncertainty of exactly what it means and what it involves), and that it must be adopted by corporations, there is a gap between how it is perceived and how it is to be implemented. For example, given that social responsibility is often mentioned in the missions or the visions of many corporations and given the growing attention paid to CSR, very few companies have a clear and systematic CSR strategy and there is an apparent lack of systematic performance measurement. Thus, CSR implementation is practised as an “external” to business operations

and, in some cases, a burden (see Chapters 5, 7). The findings provide evidence that CSR perception – according to the interviewees - embraces wider concepts such as sustainability thus broadening the purview of CSR beyond solely the philanthropic. Nevertheless, CSR initiatives are mainly grounded in serving society (see Chapter 5) but, of equal importance, is the perceived benefit successful initiatives afford the company brand and reputation. It is in witnessing the attempt to satisfy these two understandings that a gap was identified in this study between the actual needs of society and the actual CSR activities, with many companies endeavouring to mimic peer companies' practices. The lack of creativity in companies activities is due to the absence of national guidance, competitive advantage and economic motivation.

There is also evidence of a gap between CSR implementation/activities and CSR reporting. CSR reporting, just as CSR implementation, is currently voluntary and arbitrary. However, it is apparent that companies pay far less attention to reporting CSR than to practising its ethos. Interviewees preferred to call CSR activities “programmes” – an important nuance. Many concerns were voiced during the interview stage of this research pertaining to the reporting, *inter alia*, the low participation in CSR reporting, the inconsistency, the lack of depth, the lack of a formal mechanism and many transparency issues. Building on many contextual aspects specifically related to Saudi political, economic and cultural traits (Chapters 1,2, 7) it appears that the business setting is responding to - and is willing to engage more actively in - CSR reporting if it is legislated at least at minimum levels. However, corporations might not be in favour of forcing companies to engage in specific CSR activities or in assigning a mandated percentage of income to the purpose of social contributions. The informants were clearly predisposed to mandatory CSRR but favoured the proviso of leaving the amount and the type of CSR activities within the remit of individual companies – not least because interviewees thought that the mandated route would lead to evasion of the regulations or even fraud. It seems that developing CSR needs not be left to company's managerial self-interest but it requires governmental intervention as well as enhancing accountability mechanisms (see Chapter 7).

The previous section briefly showcases a general perspective of the three cornerstones of CSR; - perception, implementation and reporting - and highlights the gaps between them which needs to be considered. This general perspective is built on a full but detailed picture for the three cornerstones of CSR (Chapter 5, diagrams 5.3, 5.4, 5.5). The picture illustrates not only a close investigation into CSRR but also CSR as a concept and CSR activities in action. For all the three areas, the picture highlights many fundamental elements such as what might be taken into

consideration when applying the initiatives, along with what companies consider when processing reporting. Also, many challenges faced by companies when applying the initiatives and in reporting them were identified and listed. The findings also, devoted important categories to outline the neutral and the negative features related to the three areas (conception, implementation and reporting).

All the categories provided the foundation for the development of two frameworks (see Chapter 5) for CSR implementation and CSR reporting. The frameworks endeavour to answer the what, where, who, to whom and why corporations deliver and report their social initiatives. Providing a full and detailed description for CSR in a diagrammatic depiction is intended to induce deeper understanding of the current practices of CSR in Saudi Arabia. In this way the first research question was successfully addressed. Analytical examination of the data revealed concerns raised about many concepts and factors existing in CSR practices. These concerns - especially the negative features and the challenges – triggered inquiry into the reasons that shaped these practices. Thus, further analysis and further interviews were sought to answer the second research question resulting in the development of a grounded theory to explain what forms the practices of CSRR in Saudi companies.

The analysis demonstrates that CSR in general and CSRR in particular in the context of Saudi Arabia are profiled with many features as seen earlier. There is growing support, albeit from a low base, to embed the concept in the business structure and make it interwoven in company's mainstream operations; it is currently practised as external to accepted business procedure. It is, as such, seen as a tool instead of one of a corporation's principal goals. This is evidenced in many of the managers' perspectives towards applying CSR attaching to marketing: enhancing a company's image and reputation, gaining recognition and credibility, elevating competitive advantages, benefiting from win-win situation and avoiding public criticism. CSR "externality" is also evidenced in that it is managed and controlled either by committee rather than a single department, or within the human resources or marketing departments; rarely are accountants involved in CSR reporting. Almost all the companies in the sample adopted this approach. Despite the fact that respondents highlighted the challenges attaching to CSR adding to the bank of data interpretation for the purposes of this study, CSR information is not deemed to be a priority unless the company requires it be addressed for specific reason and/or for a specific audience. Challenges such as the lack of national framework, the lack of collaboration between the private, government and charity sector, and the lack of material resources (finance, time and information) all may justify the unsystematic and the inconsistency in reporting but they

fail to explain the low level of reporting, and in some instances the complete absence of reporting, and the transparency issues. The processes followed by most companies in undertaking both CSR activities and CSR reporting, from start to finish (Chapter 5), give another credence to the concern of the real importance of CSR and the lack of harmony between how CSR is understood (sic. managers demonstrated strong enthusiasm about CSR) and how it is practised. The findings reveal several considerations that influence Saudi corporations when practising CSRR such as religion (Islam), culture and the economic development status as well as corporate characteristics such as a company's size and type of ownership, and peer companies or other official institutions. In spite of these considerations, two important factors demand more attention: first, the considerable role of corporate leaders in directing the organisation's CSR activities and CSRR and second, the frequent emphasis on the need for national regulations and CSR standards attaching to corporate compliance. Given the voluntary nature of CSRR in a setting where the impact of businesses such as oil and petrochemical industry on society is significant, requires business leaders to elevate their perception of how to engage effectively in CSR practices by dealing with the phenomenon far beyond merely a synonym for charity or as a response to societal trends. Highlighting the demand for governmental intervention and clear CSRR regulations may satisfy part of the real need to improve companies' engagement and to demonstrate their engagement. But, compliance with regulations within a complex concept such as CSR may give rise to corporate concern especially with companies who are not listed on, and out of the enforcement of, the Stock Exchange Authority. In addition, given the importance of CSR to image enhancement, disclosure may be manipulated to provide the minimum legislative requirements for the maximum corporate benefit. Thus, to a large extent, corporations/leaders should not be governed only by regulations or influenced only by personal attitudes. The study found that accountability is a potential inducement for better reporting (following sections and Chapter 7).

In seeking to explain and understand CSR reporting, the previous discussion provokes the need for first mapping the terrain of CSRR and to identify the engine/core concept in that map. Therefore, the second part of the findings presents a model which aims to organise and position different CSRR elements with an emphasis on accountability as a mechanism for facilitating CSRR. As discussed in depth in Chapter 7, the model is constructed to highlight the drivers of CSRR (both internal and external), the desired outcomes of reporting and accountability (at both organisational and management level) as the core concept in the generated theory of this

study. The map/model was developed adopting the Strauss and Corbin (1998,1990) systematic analysis where continual coding, iterative investigation, identifying concepts, establishing interrelationships and finally generating a theory grounded in the data. Simply put, in order for a corporation to enjoy benefit realisation from disclosing systematic CSR information (for example, marketing enhancement, communicating its commitment to social responsibility and to prove its compliance) it needs first to establish a clear mechanism for accountability at the management level (formal and explicit). Establishing the accountability at management level entails providing several requirements such as policies, resources and performance measurements to facilitate a level of reporting that is high in quality. However, in a voluntary environment for CSR, this would not be achieved unless accountability at organisation level is established also. At theoretical level, the accountability at organisation level/ leadership level (informal and tacit) can be produced if there is an effective commitment to CSR which is driven by different drivers either external to the corporation or internal. The external drivers that are found to have an influence on Saudi companies' behaviour can be subcategorised as governmental (regulations, recommendations and country's development plans), non-governmental (NGOs, peer companies, media and public) and others (religion, culture and economic status). The internal drivers are pertaining to the organisation: leaders, company's size, companies sector, type of partnership and parent company.

The conclusion drawn from the findings of this study outlines the significant weight that accountability wields when discussing and explaining the practices of Saudi companies in CSR arena. The generated theory acknowledges that the absence – or at least the lack- of accountability is the potential explanation to the low level of CSR disclosure. However, the theory also highlights many other factors that are interrelated with accountability. The generated theory is an attempt to lay a foundation that needs to be tested and to be built on. It strengthens the importance of the concept of accountability and its ability to shape the CSR practices. Nevertheless, it raises questions such as the efficient mechanism for accountability especially at the organisation/leadership level and which form, or forms, of reporting the company is accountable for. Disclosing high level of CSR information is not an aim in and of itself but it functions as a means to improve corporate responsibilities.

The emphasis on accountability as substantive generated theory for the purpose of explaining the CSR in the context of Saudi Arabia does not abandon other existing theories such as the stakeholders theory, the legitimacy theory and the institutional theory (see Chapters 3 and 7).

Generally, and according to Gray (1995), theories used to interpret CSRR need not compete with each other as some theories may overlap.

8.2 Research Contributions

CSR is a concept that is increasingly incorporated into global management practice (Gjølberg 2009) not least because of its progressive dissemination through various media and institutions, both regional and international. Deemed as a platform to enable “global business ethics to be one of the highest priorities over the coming decades” (Carroll 2004 p. 114). Awareness of the concept of CSR amongst the global business community has led to CSRR becoming a standard practice and the norm for most of the world’s largest organisations, with annual reports including CSR information accredited by independent auditors (KPMG 2015). The reporting trend has promoted the standardisation of CSR returns with UN Global Compact, The Global Reporting Initiative (GRI), ISO 26000 and AccountAbility codifying procedures. Thus, CSRR has attracted the attention of accounting researchers (Deegan 2002; Mathews 1997; Tilt 2001, 2016). However, most of the research that considers CSRR is centred upon developed countries although there is a growing interest in developing nations (refer Chapters 1 and 2).

Nevertheless, the growing global diffusion of CSRR has been acknowledged in number of accounting studies. Also, including the importance of national contexts - such as cultural, political regime and economic contexts- in forming the perception and the practices of CSR (for example, Adams 2002; Gray, 2007; Owen 2007; Visser, 2009; Tilt, 2016; Bebbington and Harrison, 2017). However, current studies which attempt to discuss and explain CSR disclosure in the developed, capitalist world choose a research structure which fails to address contextual influences for organisations operating outside the developed, capitalist sector (Tilt 2016). Moreover, in the small sample of studies concerning developing countries, little consideration is given to contextual factors or even to CSR theoretical assumptions (Belal and Momin 2009, Tilt 2016). As has been explained in Chapters 1 and 2, many studies suggest that the concept of CSR as applicable to developed nations does has little synergy with developing countries (Visser, 2009, 2011; Wang and Juslin 2009) due to contextual differences related to politics, culture and the economy. A likely consequence is that CSR advancement in the developing world will proceed along a route more appropriate and applicable to the identity of developing nations (Visser 2011), in parallel with and independent of CSR actions and procedures in

Western countries. Therefore, it is expected that CSRR in Saudi Arabia will exhibit different practices, drivers, and motivations which justifies the need for further investigation.

In view of the foregoing, Saudi Arabia is generally classified as a developing country; it shares some aspects with developed countries such as the easy access to investment capital, the free market economy, and the availability of educated skilled labour (Al-Razeen and Karbhari, 2004) and is a member of G20. The nation, however, differs from developed countries in its fundamentals, being non-capitalist and non-democratic with a hierarchical system relative to both class and gender and following a deeply religious, conservative outlook. Saudi Arabia faces challenges of high unemployment, corruption, poverty, health issues and utility provision (especially water). Further, the lack of depth in, and inadequacy of, historic data archiving together with an “emerging” financial market and a relatively recently regulated accounting sector all indicate a nation with significant challenges for development. Thus, with a government currently promoting sustainable development whilst seeking to restructure the economy and encourage investment from overseas, actors operating within Saudi Arabia will benefit from the results of any focused CSR research (Al-Razeen and Karbhari, 2004).

8.2.1 Contribution to CSR Knowledge Arena

In general, this study makes contribution to CSR literature relating to developing countries by investigating, understanding and explaining CSRR practices in the Saudi Arabian context. As has been discussed above, current CSR research largely ignores the context of the developing nation, and that of Saudi Arabia in particular. This study contributes an extensive and an early investigation into Saudi CSRR practices from managerial perspectives`. It also illuminates the prominent inferred interpretation of the existing reporting practices as well as considering the contextual factors of Saudi Arabia.

The first part of the findings (see Chapter 7) of this research study consider, and contribute to the understanding of, the perception and implementation and reporting of CSR. These three aspects are rarely explicitly studied holistically in current literature. This holistic view serves as a foundation for building a clear interpretation of the reporting practices. This is achieved by drawing clear frameworks for CSR implementation and CSR reporting. In addition, uncovering the challenges that face the Saudi firms when implementing and reporting their CSR initiatives (see Chapter 5, diagrams 5.3, 5.4, 5.5). This clear and detailed dissection has not been depicted in the literature reviewed.

The detailed picture of CSR practices leads to the main empirical contribution of the study which is represented in a model formed by a grounded theory analysis. The theory that is generated from the data contributes to the limited literature in developing countries and in Saudi Arabia by offering another lens (as will be detailed in the section of theoretical contribution) which can closely explain what forms and shapes CSR reporting. The generated theory from this study details and defines the fundamental reason(s) for CSRR with the interrelationship of influential components hypothesised and graphically illustrated on the CSRR map (refer Chapter 7 Fig. 7.1).

This study contributes to the understanding of the contextual influences of CSRR on the codification and standardisation of CSR practices and how and why CSR practices differ because of culture and context. Number of contextual factors especially the hierarchal relationships in the business setting showed high reliance on the government role in taking the reporting forward. The Saudi nation will respond positively- to large extent at least- to the government intervention (regulations) as its people are familiar with complying with officialdom (just as developing nation). Conversely, without government involvement (part of accountability) in CSR practices, the business sector will reflect the ethos of capitalism and continue to act in its own best interests (just as developed nation).

The study is a response to calls (refer Gray, 2007; Gray et al., 2009; Tilt, 2016; Gjølberg, 2009; Eugenio et al., 2010) for international perspectives through further studies across countries with different contexts. Thus, this study contributes to the identified gap above and to the establishment of international comparative oriented framework for developing CSR analysis.

8.2.2 Theoretical Contribution

The theoretical contribution of this study results from the grounded theory analysis to which the collected data has been applied. Not only is this research a record of one of the first studies to apply the CSR grounded theory in general but also with particular focus on Saudi Arabia. Gray (2007) emphasises the importance of field studies as

“[t]he literature clearly shows the complexity of the reasons for reporting and for continuing to report [...] the field-based research shows us that our simple theories are not yet able to tell us when an organisation will (not) report, why it will (not) continue to report and why it does (not) report certain information. The need for further fieldwork seems inescapable.” (p.16).

Further, Adams (2002) posits “the theories have limited explanatory power and there is no conclusive evidence in support of any one of them”. The fieldwork carried out for this study is therefore invaluable as, by applying the grounded theory, the work arena is enhanced the better to be free from alternative theory that restricts explanation and misleads interpretation.

The theory that is generated from the data reenergises and strengthens the use of the concept of accountability in CSR field. Accountability in this study is found as an engine to CSRR differing from how it is perceived conventionality in the literature which considers accountability as an objective in itself (Gray et al., 1996; Adams, 2002; Gray et al., 2009). Accountability presented in the grounded theory is not society- centred as it is found in the literature (Gray et al., 1997) In this research, it encompasses organisational dimension which broaden its interpretation ability (see Chapter 7). This research identifies and defines two levels of accountability: organisational level and management level: and how they are interrelated. The levels and how they interrelate is not clearly found in existing literature. Also, the grounded theory attempts to uncover what drives each level of accountability.

In addition to *accountability*- the “why”-, the contribution of the grounded theory clearly differentiates between CSR *drivers* – the “what?” - and the *desired outcomes* of engaging with CSR – the “what’s in it for us?”. In CSR literature these two abstracts are considered and addressed as one and the same (refer Chapter 7).

The grounded theory introduces a new (according to the literature reviewed) concept to the CSR map: ‘commitment’ to CSR. This acts as a connection between the CSR drivers and accountability and manifests as effective or ineffective.

8.2.2.1 Generalisation of the grounded theory

According to Corbin and Strauss (1990)

“a grounded theory specifies the conditions under which a phenomenon has been discovered in this particular data [...] In utilizing theory, practitioners or others may encounter somewhat different or not-quite-the-same situations, but still wish to guide their actions by it. They must discover the extent to which the theory does apply and where it has to be qualified for the new situations.” (p.15)

There is, therefore, the theory in this current study should not be considered to be of universal application in all nation arenas. As has been discussed, CSR literature reveals that little attention has been paid to context so to adhere to one theory regardless of context would be to perpetuate the gap in research and knowledge. Thus, the findings of this research cannot be

directly applied to CSRR in other contexts unless they are identical to Saudi Arabia. Nonetheless, whilst being cautious of wide-ranging generalisations, the study indicates tentative conclusions to be reached in consideration of the interrelationships between accountability at organisational level, the external and internal drivers and the desired outcomes. The suggestibility of the findings therefore invite further research.

8.2.3 Methodological Contribution

This study has followed the methodology of qualitative data collection and analysis. This is an innovative approach in the field of CSR research which has been investigated historically adopting the quantitative, or volume measurement, process. Qualitative data, rather than providing a linear count of reports, generates a richer bank of information from which to explore, describe, explain and develop CSRR theory and practice in Saudi Arabia. The semi-structured interview procedure affords an opportunity to comprehend motivation for CSR reporting which is absent from the more common study of corporate annual reports by using the content analysis method.

8.2.4 Practical Contribution

On a practical level the study findings firstly establish a detailed framework for CSR perception, implementation and reporting on a single platform (refer Chapter 5). This study enables an organisation working within the Saudi context to review current Saudi CSR practices and to advance CSR development based on clear criteria and theory. Second, the results elicited by application of the grounded theory map encourage Saudi Arabian corporations to engage in CSRR practices by reflecting their activities within an appropriate template. Using the map, Saudi organisations answer questions such as what drives the reporting, how is systematic reporting achieved, what are the benefits of reporting and how the dynamics of standardised reporting are effective. Answering these interrogations satisfies the accountability that is the engine for CSR reporting.

The first and second findings together - both the framework and the model/map – constitute a roadmap for decision makers, regulatory bodies and standards codifiers (especially SOCPA) for organised policy formulation so as to enhance CSRR practices and to consider mandating disclosures. By adhering to the findings in this study Saudi Arabia, as a member of both G20

group of nations and Gulf Cooperation Council (GCC), will put itself in a position of influence over national corporate standards and inter-market regulations for other member nations within the G20 and GCC.

8.3 Limitations of the Study

The study has not analysed all CSRR elements and cannot claim to be representative of all Saudi companies. The sample used for this research focused on petrochemical companies and, one of the strongest sectors in the Saudi economy, representing more than 60% of non-oil Saudi exports (refer Chapter 3). Thus, other sectors, such as financial organisations, and other types of company ownership, such as family-owned businesses, may draw different emphases on some aspects of the framework and model/map especially in terms of the influence of religion on reporting (refer Chapters 6 and 7).

Moreover, in seeking to understand Saudi CSRR practices and their forms as currently exist, discriminate (i.e. not random) semi-structured interviews were carried out with corporate managers mainly. Therefore, any findings should be received as generalisations with inherent caution that understandings and explanations of CSRR were collated from the perspectives of targeted individuals and therefore subject to individual shortcomings and pre/misconceptions and personal intellectual vision on the part of both the interviewees and the interviewer.

Both the semi-structured interview procedure for data collection followed by the analysis of the grounded theory were both challenging and time consuming. Accessing and communicating with targeted interviewees proved difficult due to a natural resistance to the interview process and cultural obstacles such as societal hierarchy and the position of women in the Saudi workplace. Thus, the three rounds of data collection were spread over an 18-month period during which changes and advances occurred. Whilst every effort was made to overcome accessibility barriers, these efforts were equalled by attention to update data to ensure currency of information.

8.4 Recommendations for Future Research Focusing on the Saudi Arabia Context

A number of challenges and perceptions were evident from the data analysis, either explicit or implicit. The challenges demonstrate the areas on which recommendations can be highlighted and future research could be based to assist the evolution of CSRR in the Saudi arena.

The first challenge identified is related to the perception of CSR:

- The findings showed that decision makers translate the concept of CSR into action in terms of making charitable donations. This mindset hinders creative thinking and restricts more visionary application of CSR, limiting CSR's possibilities. Interviewees demonstrated also a suspicion of CSR reporting, considering it a tool for holding companies to account leaving the organisation open to both governmental and societal negative criticism. Thus, CSRR is generating a defensive, reactive attitude rather than a positive, proactive approach. A perceived potential exposure to attack is an obstacle to expanding CSRR participation. Add to that the participants demonstrated varied understanding and perceptions of CSR and its reporting within the same organisation. In view of these challenges related mainly to how CSR is perceived, promoting CSR in the public arena and educating the business community will assist in overcoming this approach.

The second challenge identified is related to CSR implementation:

- There is a lack of guidance at governmental level. The government has no agreed framework for CSR implementation nor is it geared up to be the main source of reference/information on CSR. Companies are, therefore, acting according to their own vision of CSR or imitating other corporate practitioners both of which actions might lead to inadequate, diverse practices. Because the government is largely "hands off" CSR procedure and implementation, there is a lack of collaboration and coordination between government, companies and beneficiaries of CSR activities. The government encourages but does not facilitate. The reference of this study to the Saudi Arabia context is relevant here as it is only by "soft" discussion that the government will be persuaded to engage more actively.
- A form of encouragement exists in the Responsible Competitive Award (RCA) which awarded in recognition of CSR activities of Saudi companies. However, this award is

open to criticism as it tends to be won by companies with large CSR budgets and which actively promote CSR as part of the company brand rather than the quality of the activities espoused. The RCA is received positively in the business community in Saudi Arabia as it raises awareness of CSR and encourages participation but its award criteria is under scrutiny in the business community. To avoid accusations of bias the RCA should be encouraged to consult with the corporate sector in a essence of transparency to expand and develop its objectives.

- Companies perceive CSR as a potential point of conflict with their customers who can put pressure on the companies if CSR activities are at variance with customers' expectations. In addition, the public often take CSR activities- when provided- for granted and, in some cases, expect the activities to continue as if they are a mandatory requirement. Creative education campaigns would address this attitude.
- Companies working to a limited budget for CSR indicate that administering the activities takes a disproportionate amount of time and staff resource. CSR education amongst business officials would achieve a higher profile for the concept which would then be perceived as an integral part of business administration rather than an imposition or burden.

The third challenge identified is related to CSR reporting:

- Based on the data, there is no guidance or intervention at government level for CSR reporting; there are no published guidelines nor advisory bodies as a starting reference point. The government is not proactive in promoting CSR reporting. Also, international guidance standards and protocols such as GRI and ISO 26000 are perceived as non-applicable to the Saudi business arena. Existing tools prepared with developed countries in mind are deemed to be complicated and directed towards large companies. Further, it is perceived by the respondents that those companies using GRI etc. are already providing a higher standard of CSR than those who do not which may mislead our conclusion towards the actual CSR contributions of companies. . There is limited availability of information relating to CSRR practices with no independent body offering a central focus for information dissemination. Further, accessibility to information is challenging. Responsibility for informing the business community

should be assumed by government and NGO's thus raising the profile of CSRR practices to a formal, official level. Again, government rigour and regulation which must be tailored to the national considerations is a crucial need.

- International CSR protocols demand that negative CSR issues are published as well as positive indicating the objective of corporate transparency. Interviewees demonstrate reluctance to embrace this aspect as it is perceived as damaging to Company reputation leaving the organisation open to negative criticism. Accountability, the identified engine for CSRR in this study, has transparency as its consequence that is only completely satisfied should both negative and positive issues be disclosed. Enhanced transparency will assist corporate decision makers and the stakeholders to make decisions based on accurate information of CSR activities.

- Companies are highly aware of the resources which CSRR may demand; company investment in time and money engenders resistance from company decision makers. This attitude exhibits how companies perceive CSRR and its cost in converting it to a company benefit. Which in turn, raises the issue of how CSR is perceived- as either a tool or a goal- and where in the company strategy CSR is located. Accountability at the management level (formal and explicit) as explained in chapters (6, 7) is what is needed to advance the reporting practices.

In conjunction with the points raised above, there is notable resistance amongst the interviewees for CSR activities to be made a mandatory corporate requirement. It is deemed that those companies already engaged in CSR activities have already demonstrated their commitment; to enforce engagement would result in low quality of CSR activities. Interviewees reinforced their objection to mandated CSR participation citing their dislike of mandated models used -even proved meaningful- in other countries. The participants believe that CSR should emerge from a sense of responsibility rather than obligation and regulation. On the other hand, some of the interviewees (consultants in particular) believe that mandating companies' participation in CSR reporting- instead of CSR activities- will enhance both activities and reporting practices. Hence, the mutual expected influence can be observed. This is an important area as where to exert the concept of accountability at the organisation level in its holistic view. Despite that there is an apparent emphasis on social accountability in which

should be driven by the government, there are many other means can activate that accountability such as NGOs, media and education. The uncertainty around the applicability of international proposals feeds the need for national framework and facilitates CSRR to be obligatory. Such proposals include GRI- even used by few big Saudi companies- and even the IRI.

Note mentioning, citing the different needs of the various Saudi regions and the public and private charity sectors, interviewees agree that CSR activities and reporting can only advance if increased collaboration and coordination is effected. In this way practices will be standardised, reducing duplication of CSR activities as organisations will operate from a position of clarity with regards to society's needs which could then be addressed and coordinated on the whole-nation spectrum.

8.5 Summary of the Chapter

The chapter has concluded on the study's findings, both the detailed picture of CSR arena and the generated theory. It has outlined a detailed dissection of CSR practices and shown that there is a gap between how CSR is perceived and how it is implemented in favour of perception. Also, there is a gap between how it is implemented and how it is reported. CSR is seen as an "external" to the day-to-day operations and lacks systematic strategy. CSRR is voluntary, arbitrary, inconsistent with lack of depth and no formal mechanism. The main explanation for these shortcomings can be blamed on the lack of accountability in addition to the absence of governmental intervention and regulation(s). The chapter has highlighted the contributions and the main limitations arising from the study as well as recommendations for further research.

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Appendices

Appendix (1): Preliminary Analysis

The table below shows a breakdown to the preliminary analysis where the first five columns gives basic information, the columns (social /separated) and (environmental/ separated) point to if the company has clearly a separated section named with either corporate social responsibility or environmental responsibility. The columns(vision) and (mission) show wither CSR is included in both or in one of them. The last column focuses on CSR reports so it shows if it is included in the annual reports or has different places so, it may be displayed in a standalone report, as part of the board of director's report, as sustainability report or in some cases the information is not available on the website.

Appendix (1): Preliminary Analysis

No	Abbreviation	company	website	capital	Social (separated)	Environmenta l (separated)	vision	mission	annual reports (where)
1	Chemanol	Methanol Chemicals Co.	http://www.chemanol.com	1,206,000,000	n	y (responsible care)	y (environme nt)	y	y
2	Petrochem	National Petrochemical Co.	http://www.petrochem.com.sa	4,800,000,000	n	n	n	n	board of directors' report (not the performance)

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3	SABIC	Saudi Basic Industries Corp.	http://www.sabic.com	30,000,000,000	not in the website	not in the website	not in the website	not in the website	y (Sustainability)
4	SAFCO	Saudi Arabia Fertilizers Co.	http://www.safco.com.sa/ar/	4,166,666,660	not in the website	y	y (Environment)	not in the website	y(Environment)
5	Industrialization	National Industrialization Co.	http://www.tasnee.com	6,689,141,660	y	y	y	y	CSR stand-alone report
6	Alujain	Alujain Corp.	http://www.alujaincorp.com	692,000,000	y	n	n	n	not on the website
7	Nama Chemicals	Nama Chemicals Co.	http://www.nama.com.sa/ar/	1,285,200,000	n	n	n	y (Environment)	n
8	SIIG	Saudi Industrial Investment Group	http://www.siig.com.sa	150,000,000	not in the website	not in the website	not in the website	not in the website	n
9	Sahara Petrochemical	Sahara Petrochemical Co.	http://www.saharapcc.com	4,387,950,000	y	y (responsible care)	y	y	Y(Simi-standalone report)
10	YANSAB	Yanbu National Petrochemical Co.	http://www.yansab.com.sa	5,625,000,000	not in the website	y	n	n	y (board of directors' report)

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11	Sipchem	Saudi International Petrochemical Co	http://www.sipchem.com	3,666,666,660	y	y	Y sustainability	Y sustainability	Y sustainability
12	Advanced	Advanced Petrochemical Company	http://www.chemanol.com	1,639,950,000	n	y (responsible care)	y	y	n
13	Petro Rabigh	Rabigh Refining & Petrochemical Co.	http://www.petrochem.com.sa	\$10,billion	n	Y (sustainability)	y	n	y
14	Gas &Industrialization	National Gas and Industrialization Co.	http://www.gasco.com.sa	750,000,000	y	not in the website	y	y	y
15	Saudi Electricity	Saudi Electricity Co.	https://www.se.com.sa	41,665,938,150	y	y	y	y	y

Appendix (2): Open Codes Quotes

Open Codes Quotes	
<p>4.6.1 CSR Perception</p>	<p>1. Mainly philanthropy CSR revolves around provision donations and services to public in order to promote the society welfare. <i>"... Also, CSR in Saudi Arabia is much related to charity ... What we can call corporate philanthropy. Then this is a very important perception and understanding for most part people in the company and outside the company. CSR has mainly this meaning for them. It's an important part of our activity, but it's not the only one."</i> P10 <i>"...we cannot limit CSR only to the charity or the outreach. CSR is more than that, but it's one in Saudi Arabia."</i> P10 <i>"...The traditional concept that is found right now in most companies is that it is some sort of donation or charitable society ... the concept is still limited to donations and sponsorship only ... The company sets a list of charitable organizations and sends them a specific amount. As you know the concept of charitable organizations is not that advanced ... the board members still believe that the corporate social responsibility concept means just donating to charitable organizations."</i> P5</p> <p>2. Limited understanding The concept of CSR is not well established and people (outside and inside the company) have limited understanding. <i>"But in Saudi Arabia, it takes time. It takes time in the company to let the people know about CSR, to know what it means ... What the acronym stands for: Corporate Social Responsibility."</i> P10 <i>"Concerning work practices, you have Justice in competition for career opportunities, training opportunities, etc. All of these issues are applied now. The problem is how to introduce this to the staff of the company as part of the CSR. You are very close to this area and you might know that the concept is not that clear for many people, even for those who are considered specialists!"</i> P5 <i>"The CSR concept in Saudi ...is not well understood but there is beginning to be more awareness of it. The issue is that education and awareness are still deficient. Companies need more understanding, more awareness about doing CSR."</i> P1</p> <p>3. Growing (broader meaning for CSR) and shrinking (the philanthropic meaning) <i>"In the past, companies are hardly dedicating a specific department for CSR... but now it is not uncommon, Work style has also changed and is rather more mature at the time being."</i> P5 <i>"The concept of corporate social responsibility, even in the governmental sector, has developed ... I am not saying it has reached the ideal phase, but at least it is reaching the phase of application. As I explained. I have followed the concept of CSR since 2007, and I have found that it is developing. Before it was completely lost, now it has begun to become more mature ... Incorrect understandings of the concept of donations are shrinking, and the process has many measurements compared to the situation before. As I said the concept has changed and it is no longer limited to donations to charitable organizations. But not all of them of course."</i> <i>"Before 2008, the application of CSR was limited to cash donations, but in 2008, the year of establishing our "CSR programme" inside the company, CSR occupied bigger space, so many CSR standards and policies were also established ... the way we see CSR has changed, so there are no more direct cash payments as donations ... but we apply our CSR objectives, vision and mission."</i> P3 <i>"...despite the high rate of failure in applying the right concept of CSR, CSR in Saudi Arabia is going forward, growing relatively quickly and one day it will be there."</i> P4 <i>...Not literally, but as I said the awareness of CSR is increasing, the groups of young people who participated in our activities are increasing....</i> P1</p> <p>4. Ambiguity There is uncertainty around the concept especially when applying it to real activities. <i>"...the problem is how to introduce this to the staff of the company as part of the CSR ...they do not realize it is part of the CSR. So, there is a gap in the concept here. When you request him to do certain work in a certain way, he looks at it as a function, but it should be considered as social behaviour... In the [company] it still does not have a clear label."</i> P5</p> <p>5. Aramco</p>

	<p>There is an apparent evidence that Aramco is viewed as a model <i>"...then our perception of CSR or one of the perceptions of CSR is a little bit like Aramco ... We also have our main funders. I mean Aramco." P10</i> <i>"..., so we follow the guidelines along with our sister companies and of course, Aramco "the mother" P1</i></p> <p>6. CSR / sustainability as an aim CSR is viewed as an important way to achieve sustainability. <i>"...Together, by coordinating the efforts within different sectors... by specializing CSR, we will reach sustainability." P1</i> <i>"In Saudi, we have found that to effectively deploy our water and power projects, we need qualified people. The qualified people need to be Saudis not because of Saudization but because of the sustainability of our project ... we believe in a sustainability standpoint. We need to groom this workforce." P8</i></p> <p>7. Religion There is a strong linkage between the concept of CSR and religion (Islam) <i>"We are in Saudi Arabia where the religion is embedded in their [companies'] way. Even when we are talking about corporate philanthropy, it has the name of (Sadaka) here in Islamic culture ... We are doing corporate philanthropy without naming it corporate philanthropy. ... In Saudi Arabia, and I assume in Muslim countries or Islamic countries, this is a very important part of CSR or sustainability, or at least it's mixed and it's embedded in it." P10</i> <i>"...CSR digs deep in our Islamic societies, where our religious beliefs drive our responsible behaviour ... our CSR activities translate this attitude ...for example, we have some seasonal small programmes such as those in Ramadan where we try to be there to support and to help the community ... also, to improve or refurbish some Mosques. It is a mutual relationship." P1</i> <i>"...some companies do it for religious reasons... I believe that our religion is the basis of our Social Responsibility. I disagree with those who say that our religion and some of our traditions limit the practices of social responsibility. This is not true. Our religion calls for caring for our parents, which is a social responsibility, urges us to keep in contact with your relatives, which is again a social responsibility, orders us to keep good relations with our neighbours, which is a social responsibility, urges us to remove the dirt and harm from the road, which is a social responsibility, urges us to care for orphans, which is a social responsibility, urges us to deal properly with women, and respect them, which is a social responsibility, and urges us to care for the disabled, the weak and unable, even the non-Muslim, and how to help them." P6</i></p> <p>8. Culture Culture has an important impact on the concept <i>"The point that we have to validate here is that we have to match the prevailing culture with CSR strategies and practices." P8</i> <i>"We have to be completely aware of the culture ... all the initiatives and the campaigns we are doing even from a local point of view, but more generally from a national point of view, sure. It has to take the culture into consideration." P10</i> <i>"...we look at the culture of the audience or society. We look at how the audience will accept it. We look at the impact of our work on society." P9</i> <i>"...you are not obliged to apply those (others' standards). You can take the standards, ideal ones, that are applied and test them and their validity for your society and build upon them ... the culture even affects the concept. Because the culture of the decision makers is still to view CSR as donations and charitable organizations. In many cases they do not see its effect on competitiveness and on the reputation of the company." P5</i></p> <p>9. Recognition Recognition is a positive result from applying the concept of CSR. <i>"...it is part of the quality management system. We are part of the responsible management. This responsible care is completely part of our view. It addresses, among other things, the environmental path ... it provides more recognition from an international point of view, and from a different multi-sector point of view. It gives more credibility. There are global initiatives all over the world, and we are part of that. We are signatories of this responsible care." P10</i> <i>"...and we need to make these people accept us; we need them to recognize us and when we show them that we take our responsibility seriously, then we will not lose our credibility, so we need to become partners in development. not only in providing the power or the water but also in building the community." P8</i> <i>"...but in our company, we consider that the most important CSR is to deliver electrical services to all subscribers and to maintain authenticity in doing this, particularly as the return can be sometimes very minor." P6</i></p> <p>10. Reputation/image</p>
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	<p>CSR impacts company's image and its reputation <i>"Shareholders don't want us to waste money on programmes that are useless, but, at the same time, it's important for the branding of the company, for the reputation of the company to have these activities. Then there is always a balance."</i> P10 <i>"I believe it [adopting CSR] mainly stems from companies because it affects many factors within the company like competitiveness, reputation, the name of the company in the market, etc. If you ask somebody in a company why have they set up CSR programmes, they will tell you it affects their reputation, the recruitment of new employees, the financial position."</i> P5 <i>"In this case we make the community welcoming to us as an entity coming to work there and at the same time we need them."</i> P8 <i>"You can see that a lot of companies are now involved in sustainable development projects to improve their image in society. This can also be seen in other sectors. If you look at the mobile sector for example you will find more than one operator competing r, and they try via CSR to improve their image and therefore gain more customers and achieve more profits. They might have humanitarian or social reasons but, in the end, they are aiming at achieving profit ... it is because they care only for the image of the company."</i> P6 <i>".. there is no pure and clean incentive for adopting CSR; it is always to 'show off'."</i> P4</p> <p>11. Branding <i>"... but, at the same time, it's important for the branding of the company."</i> P10 <i>"In all cases you will find other reasons for CSR, one is 'branding'."</i> P4</p> <p>12. Citizenship CSR is part of the company's citizenship <i>"In our perception, CSR is part of the strategy of Citizenship. We sincerely want to serve the society, it is written there ... you can read it clearly on our website."</i> P3 <i>"...this is because the company wants to serve this field in a better way in order to reach the community and the society to fulfil our responsibility as citizens. [the company] has five core values, one of which is Citizenship, and its function is CSR. "Citizenship" - we mean it in general, we mean all citizens. CSR (as a function of citizenship) is how we impact society."</i> P1</p> <p>13. Outreach Outreach is an aim for company when adopting CSR <i>"...we can do this through outreach programmes."</i> P10 <i>"Our goal is to reach all locations."</i> P6</p> <p>14. Credibility CSR is important to enhance the company's credibility <i>"On the top of it.... It gives more credibility."</i> P10</p> <p>15. Institutionalization The concept needs to be built in the corporate main concepts. <i>"It should be an institution's aim to leave a clear fingerprint of the company on society"</i> P7</p> <p>16. Win-win Adopting the concept and applying it is subject to ensure benefiting both the company and the society. <i>"...this is a win- win situation, to benefit the company and the society. I don't mean "benefit" the company financially."</i> P1 <i>"...so, our programmes depend on the win- win situation (good for us and good for you ... But the driving force behind us in creating an initiative like this is self-serving plus it is good for the industry, it is good for the economy and it is in line with where the government wants to go. So, it is compatible with all of these factors."</i> P8</p> <p>17. Identity CSR helps in building and protecting the company's identity. <i>"...I mean benefit the company as our "identity" has to be there ... In 2015, we changed the perception of CSR in [the company] and we changed the policy a bit to enable [the company] to shape its own programmes, its own identity, its own theme of CSR, not just to respond to whatever proposal or any request comes to us, but to create our own programme with our own identity with the full funds of [the company] so the initiative emerges from [the company] to the society."</i> P1</p> <p>18. Low awareness (about the importance of the concept) <i>"The low level of CSR awareness is due to a deficiency in the understanding of our participation in the international system of CSR ... the CSR concept in Saudi Arabia is not well understood but there is beginning to be more awareness of it."</i> P1</p>
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	<p>19. Gap between practice and concept <i>"...they do not realize it is part of CSR. So, there is a gap in the concept here." P5</i></p> <p>20. Pay back (to society) One of the meaning of the concept is to pay back to society <i>"CSR is for society, which gives to the organization by using the organization's services and by spending the money on the service provided by the organization. [CS1] So, the organization rewards the society through creating some activities that can benefit the society." P9</i></p> <p>21. Aligns with and contributes to Country's development <i>"...we need to contribute to the development of the region where we are. The CSR should take into consideration the strategy of the country itself. When the country says, "Okay, we need to support employment, Saudization, or the development of small and medium enterprises, reduce the oil dependency, women's participation ... these are examples of governmental objectives. I am sure that you know about the 2030 vision and the plans before that ... we have to not only be aware of all that but be involved in it."</i> <i>"[the company] works, always, in line with any governmental plans, paying attention to the surroundings: employees, community and the environment. For example, [the company] has developed an outstanding programme that involves participating in social and educational activities to promote the young generation and support them in many ways. It is part of our citizenship vision and will enhance the plans of the country." P3</i> <i>But the driving force behind us in creating an initiative like this is self-serving plus it is good for the industry, it is good for the economy and it is in line with where the government wants to go. So, it is compatible with all of these factors." P8</i></p> <p>22. Long term programs The concept can be applied to long term activities. <i>"Our projects last for a very long time (20 – 25 years); you cannot be there for more than 20 years and not be part of the community." P8</i></p> <p>23. 23.Autonomy tendency The tendency to apply the company's identity to CSR activities. <i>"However, we will continue our sponsorship but as well we will create our own CSR programs and our identity." P1</i></p> <p>24. Act not responds <i>"In 2015, we changed the perception of CSR in [the company] and we changed the policy a bit to enable [the company] to shape its own programmes, its own identity, its own theme of CSR, not just to respond to whatever proposal or request came to us, but to create our own programmes with our own identity with the full funds of [the company], so the initiative emerges from [the company] to the society." P1</i></p> <p>25. No for marketing CSR should not be used for marketing purposes <i>"The thing that should be mentioned is that CSR should not be used for marketing purposes." P1</i></p> <p>26. Implemented by the practitioners without scrutiny <i>"The situation is that programmes evolve and are executed without referring to a clear CSR reference or sources." P1</i></p> <p>27. Weak CSR education <i>"So, we can say that we have weak CSR education but we have wide CSR practices ... The weakness in practitioners' education results in us not adopting the international guidelines." P1</i></p> <p>28. Arbitrary CSR is practiced in an arbitrary way <i>At the level of even the big names of the companies, their initiatives are not prepared on an actual study to the real needs. on other words, it is arbitrary</i> <i>"Talking about strategy in particular, in most companies, corporate social responsibility is arbitrary all over Saudi Arabia, except for a few companies who have some sort of maturity." P5</i></p> <p>29. Linked to governance</p>
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	<p><i>"...of course, this is one of the issues, which is Corporate Governance, which is part of CSR and part of the ISO 26000. It includes seven branches: Corporate governance, work practices, consumer issues, society involvement and development, human rights, environment, and fair operating practices, which is concerned with your relationship with contractors, suppliers, and distributors etc."</i> P5</p> <p>30. Competitiveness CSR can enhance company's competitiveness <i>"I believe it mainly stems from companies because it affects many factors within the company like competitiveness, reputation, the name of the company in the market, etc."</i> P5 <i>"...it serves mainly our competitiveness in relation to other companies."</i> P4</p> <p>31. Attract new employees <i>"...if you ask somebody in the company why they set up CSR programmes, they will tell you it affects their reputation, attraction of new employees, and their financial position."</i> P5</p> <p>32. Not the fund CSR budget is not a driver for good practices. <i>"You could spend money, but not under the required standard because you have the wrong concept of CSR. Other companies have guidelines, and even a lower budget, but they apply the standard in a good way. If you push or spend more money, this does not mean you are distinguished in the field of CSR"</i> P5</p> <p>32. Old practice with new name <i>"...firstly, CSR with this specific name is a new concept in the whole world (not more than 10-12 years old). In the Saudi Arabian context (it is not more than 5-8 years old), I mean as organised CSR, but to be honest it was practised long before that time."</i> P1 <i>"...CSR is a relatively new concept to our societies, but it has been applied for very long time ... from the era of the prophet Mohamad."</i> P3 <i>"If you read Islamic history you will find that the essence of CSR is included in every human's action, or it should be, but now we are dealing with it separately, as if it is new to us."</i> P4</p> <p>33. Different meaning for different users <i>"...then we have different levels of understanding of CSR within the company and outside the company... when you talk about CSR ... you have ten people, and ten people understand it differently and have their own view."</i> P10 <i>"The term CSR in Saudi Arabia is relatively new, say about 10 years old, and because it is in its beginning that's why it is not clear to everyone, so different people define it in different ways. Of course, the definition differs from company to company and from sector to sector and accordingly the practice differs. However, the general framework is the same and everyone has the same aim, the same mission and the same way."</i> P3 <i>"(The people took it generally but when you ask about the social responsibility concept you find that it's different for all organizations."</i> P2</p> <p>34. Agreement on the general concept <i>"Of course the definition differs from company to company and from sector to sector and accordingly the practice differs. However, the general framework is the same and everyone has the same aim, the same mission and the same way."</i> P3</p> <p>35. Influenced by the surroundings <i>"...the reason for this change is because [the company] is always working in line with the developments surrounding it. Once the concept started to spread around, [the company] adopted it. The company adopted this concept due to its deep belief in its social responsibility"</i> P3</p> <p>36. Believe in transparency <i>"...we don't rely on people's desires but we appreciate and believe in transparency."</i> P3</p> <p>37. Focus on quality <i>...We are always working on developing our practices in this field in general. P6</i> <i>"...our approach is to do what the society really needs ... the quality of the programme is our concern, and in general, they are all connected with each other."</i> P3</p> <p>38. Lead to sustainability <i>"In the beginning it was the CSR steering committee, but we renamed it sustainability because the debate is still there ...we have, like everybody, this semantic debate about the name of CSR and sustainability and all that. Probably, the idea is to move away from CSR to sustainability,</i></p>
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	<p>but at the end of the day, we are covering the same, and we have almost the same approach for this ... Progressively we are trained to move to sustainability. Then our region for sure. It's covering the three P's of sustainability: People, planet, and profit." P10</p> <p>"So the strategic goals that we developed including CSR are aligned with the international standards for sustainability as well as the international goals of sustainability." P3</p> <p>"I believe there is a very strong relation between the two concepts [sustainability and CSR]; we cannot separate them from each other. I think they are one concept in the end." P6</p> <p>39. Saudi Arabia has its specifications</p> <p>"I can say that the recent protocols confirmed by the United Nations for sustainability (13 figure), we match them. However, we don't adopt all of the figures as some of them are not suitable for the Saudi Arabian specificities / particularities, so the use of it is constrained by our specificities." P3</p> <p>40. Cooperation is required</p> <p>"...If the company succeeds in a specific programme, it can be disclosed and published for other companies to motivate them to follow it or to create partnerships with us. Through this type of disclosure, the cooperation between companies will be facilitated in order to achieve the development goals of the country." P3</p> <p>41. CSR is sense of responsibility</p> <p>"From my point of view, it reflects the company's or the individuals' feeling of responsibility towards society. This is my personal point of view... the essential factor in the meaning of CSR is the feeling or the (sense) of responsibility." P3</p> <p>"We are not obligated to do these things ... however in some markets we are obliged to do certain things, for example, localization, to make new industry in the country ... but in general, most things we do ... we do it as a sense of responsibility and according to our mission regarding sustainability." P8</p> <p>42. Influenced by the type (ownership) and the nature of the business of the company</p> <p>"...see, 80% of company ownership is for the government, so its programmes should match the needs of the society, which is complementary to the company.</p> <p>"We try to consider issues that are important to the society. For example, one of the issues mentioned in the standards of ISO 26000 is safety and professional health. This is one of the main issues we care for in the company, because we deal with the dangers of electricity, high voltage etc... There are also other important issues because we have partnerships with the Ministry of Interior, and the Civil Defence concerning safety and security." P5</p> <p>43. Influenced by the size of the company</p> <p>"I don't recommend imposing a percentage on profit for CSR purposes as the essential factor in CSR is the feeling (sense) of responsibility. In addition, the fund, the efforts, and the facilities depend on the size of the company." P3</p> <p>44. Awards should measure the contribution not the budget</p> <p>"... but when you see the terms of these awards (prizes), about how much they are paid ...actually, this constrains our freedom of working. We can provide you with everything such as ideas, strategies, standards, practices, contributions, participation ... and you have to evaluate us depending on our performance and acts and see how we are integrated into the country's development plans and how we sustain our programmes. The amount of money designated for CSR doesn't give any signal about how active we are or what quality we provide." P3</p> <p>45. No harmony between the three main sectors (Public, Private and charity)</p> <p>"I strongly agree with creating a partnership between these three sectors in order to coordinate the efforts and put the CSR programmes in the right place based on real needs according to the information provided by each sector. We will then prioritize our work in a harmony together to achieve the development plans of the country." P3</p> <p>46. Efforts are not appreciated</p> <p>"...I am very sorry that the people sometimes mix up CSR and the problems caused by the company. I assume that the society is able to realize our efforts in supporting the development plans of the country. It is necessary for the society to focus more on the contributions not on the problems and stop blaming and attacking companies on every occasion for any shortcomings." P3</p> <p>47. The needed information is not available</p>
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	<p><i>"Many companies believe in CSR, want to support CSR and have the financial ability to do that, but they don't know where and how to do that in the right way." P3</i></p> <p>48. CSR includes the approaches: environment, society, employee, suppliers and customers <i>"The second point is that we are keen to provide a quiet, safe and healthy work environment for our employees, and this is part of our CSR. This also applies to our customers and suppliers. We are keen to pay their entitlements on time, to preserve the environment, and facilitate their jobs. We are also keen to use national products in our operation, and this is part of our CSR." P6</i> <i>"...CSR serves the society and the employees, because the approach of the company is to include both sides." P3</i></p> <p>49. Complementary CSR is not a part of corporate main operations but it is complementary initiative. <i>"In our perception, CSR is part of the strategy of Citizenship ... we deeply want to serve the society. We undertake work that is complementary to others' basic work." P3</i></p> <p>50. Blaming prevents progress <i>"The society needs to focus more on the contributions not on the problems and stop blaming and attacking companies on every occasion for any shortcomings such as environmental problems. This kind of behaviour leads to v companies and may create a barrier in regard to them doing better." P3</i></p> <p>51. In the strategy making CSR part of a company's strategy is a positive practice. <i>"The good thing about CSR in the company is that it is embedded in the strategy of 'citizenship' and it is updated frequently according to the up-to-date needs of society." P3</i> <i>We try to put our touches in many ways; even in our main projects, we involve the CSR. Plus, CSR is a part of our main strategic goal of the company. We have eight strategic goals, the last one is related to the CSR and the citizenship. P1</i></p> <p>52. CSR committee is very important (top hierarchy) <i>"The importance of this committee [the CSR committee] is reflected in its structure. It consists of the president of the company, 2 VPs, HR, the accounting (finance) department and our department (corporate affairs department), of which I am the manager and CSR is a section under it." P1</i> <i>"...the fact that the CSR department is supervised and supported by the top management shows how important CSR is in the company." P3</i> <i>"...we see CSR as fundamental work of any organization that works in society." P9</i></p> <p>53. Women are important <i>"The ladies section in the department is responsible for the programmes that deal with ladies and is located outside the company building, but in the end the men and the women are all working as one team. The company clearly sees the importance of having ladies in the CSR department" P3</i></p> <p>54. Programs are universal (boys and girls) <i>"... the girls are included like the boys." P3</i></p> <p>55. A mix between accountability and motivating <i>"...what I don't really stand for is weighing the negative impacts of the company with the positive impacts. There is a big difference between motivating and accountability." P3</i></p> <p>56. It is a trend <i>"... I think it's a trend that the government support." P10</i></p> <p>57. Coordination and collaboration lead to efficiency <i>"... joining the CSR Committee [a national committee in the western region of SA] helped us to support CSR programmes easily and fairly, so none of our companies face a shortage of funds. [the companies participating in the committee], see, we all gain from collaboration ...we have to work jointly not only locally but also worldwide. By doing that we will learn from others' experiences." P1</i> <i>... but we still need more coordination between the three sectors (government, charity, business) .it needs only an initiative. P4</i></p> <p>58. Vision and strategy are mature</p>
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	<p><i>"On the level of the strategy and vision, you will find it perfect, but the programmes are not in alignment with the strategy." P5</i></p> <p>59. Implementation is yet immature <i>"Let me be frank with you ... There is a vision, there is a strategy, there are Key Performance Indicators (KPIs), but there is no execution or implementation, because there is no budget that is approved. For the board, what is clear is that they have 10 million for the charitable organizations, that is it." P5</i></p> <p>60. The right concept is (limited) <i>"Unfortunately, we can say that the concept of CSR in the Kingdom is still limited to forums, meetings, and money spent on sponsorships." P6</i></p> <p>61. Sustainable contribution is subject to the governmental supervision and coordination <i>"We have found that it's better if the administrative governor, I mean the governor of the region, is responsible for that to guarantee the continuity of the development." P2</i></p> <p>62. CSR is fundamental <i>"...we see CSR as fundamental work of any organization that works in society." P9</i></p> <p>63. Serve directly and continuously <i>Continuing the provision of the CSR activities is desirable. "...yes, CSR focuses on any social activity that has a direct and intermitted impact on society...So everything that has a continuing impact on society." P9</i></p> <p>64. Transparency is not rigorous <i>"...the term transparency always comes with vague meanings, but all of the programmes that we do, we would like to publish them in all the ways we can." P9 For example, the carbon emission is one of the things we have to be careful in the disclosure." P10 "Q- Do you mean that what we see on the websites and the leaflets disseminated everywhere, are not true? -part of the truth, and what allowed only, it is selected in a way to have no bad influence on the recipients." P4</i></p> <p>65. CSR evolves to meet the needs <i>"When it comes to CSR we have to evolve to meet the needs of every country differently as one size won't fit all." P8</i></p> <p>66. CSR facilitates creation resources <i>"If we want people to continue and to continue for a long time and to have pool of resources available all the time we need to create that. We need to facilitate the creation of these resources." P8</i></p> <p>67. Compatibility (culture, self-serving and country's development) <i>"The point that we have to validate is that we have to match the prevailing culture. But the driving force behind us in creating initiatives like this is self-serving plus it is good for the industry, it is good for the economy and it is in line with where the government wants to go. So, it is compatible with all of these factors." P8</i></p> <p>68. CSR is a tool for acceptance by the community <i>"...to make these people accept us we need to become a partner in development. P8</i></p> <p>69. Pay back (to the company) <i>"If you are doing good it will come back to you." P8</i></p> <p>70. Engagement with the community help you to live longer <i>"We meet with the community and we identify who all the stakeholders are ... we try to engage and to find out what their needs are. We introduce ourselves in formal and informal ways ... our projects last for a very long time (20 – 25 yrs); you cannot be there for more than 20 years and not be part of the community" P8</i></p> <p>71. The main stakeholders in Saudi Arabia are trainers <i>"So, knowing the stakeholders is for sure part of the process. q- what about in SA? Who are the main stakeholders? Mainly, those who we train and educate in our CSR courses." P5</i></p>
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	<p>72. Saudis are less need to money (no focus on the poverty) <i>"Every place has some unique aspects. In Saudi, for example, we still have less people in need of money while in other places the socio-economic situation is different." P8</i></p> <p>73. Saudis are less need to health support (economic situation) <i>"So, in Saudi it is very easy to identify education and training and if we focus on that it is the most obvious thing... as the health care is good and all other services which government are funded, subsidies ... it's all there." P8</i></p> <p>74. Saudis need more training and education <i>"...so we don't feel that there are many needs outside of the education and training. We feel this one is very much singled out and it is an area that we can capitalize on." P8</i></p> <p>75. CSR includes doing the mainstream business operations with authenticity <i>"There are other efforts that we do not undermine, but in our company, we consider that the most important CSR is to deliver electrical services to all subscribers and to maintain authenticity in doing this, particularly that as the return can be sometimes be very small." P6</i></p> <p>76. CSR includes doing the mainstream business operations for everyone (reaching everyone) <i>"Imagine for example providing electrical services to a very mountainous area in the south, which might cost the company one million, while the return is a monthly invoice of 50 Riyals only. Our goal is to reach all locations." P6</i></p> <p>77. CSR includes donations <i>"We also support the officially allowed charitable organizations (approved by the Ministry of Social Affairs), through some limited donations because our financial position as a company is not good, compared to major companies in Saudi Arabia that are profitable like Sabic." P6</i></p> <p>78. Profitable companies are capable to provide higher CSR standards <i>"...companies in Saudi Arabia that are profitable like Sabic, which achieved profits of 13 billion last year, are capable of introducing a very high level of social services. Their CSR should be higher than other entities with limited profits or financial returns." P6</i></p> <p>79. Ensure sustainable development <i>"We as a company cope with other entities concerned with CSR. Companies have their role in society and support sustainable development in society" P6</i></p> <p>80. Serve where we exist <i>"Our belief in the top management is that we should play a great role in serving the society and this is what is imposed on us - to enhance our role through policy, programs and activities. We have to exist within the society, regardless of the type of existence and its location." P6</i> <i>"We have many initiatives and action in this regard to our supplier also collaborating with us to develop the region to create more jobs. They opened their own branch in the area. This is an important aspect to us." P10</i></p> <p>81. Playing role in serving society is the driver not competitiveness <i>"We do not have a competitor. So, we do not perform CSR to highlight ourselves or our role compared to others. Our belief ... that we should play a great role in serving the society." P6</i></p> <p>82. CSR for some companies means achieving more profit by enhancing their image <i>"If you look at the mobile sector for example you will find more than one operator competing together, and they try via CSR to improve their image and therefore gain more customers and achieve more profits. They might have humanitarian or social reasons but, in the end, they are aiming at achieving profit." P6</i></p> <p>83. CSR is not up to the requested level <i>"I believe that social responsibility in the Kingdom is not yet up to the requested level. Take for example volunteer work, which is part of social responsibility; it is not yet occupying its place in our cultures. Also, the private sector is not playing a vital role in Social Responsibility, despite the huge profits they make, like banks." P6</i></p> <p>84. Timeliness is important</p>
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	<p><i>"We have another factor in relation to CSR, which is when we respond to any emergency cases or disasters related to our area where [the company] exists e.g. rain, floods ...so we help the government by doing vacuums and drainage the floods to clear the roads. P1</i></p> <p>85. CSR is subject to private policies and goals <i>"Unfortunately, the culture of CSR in the kingdom is still subject to private policies and goals. You are abroad and might see and know how far they have reached in terms of the issue of social responsibility. But unfortunately, we do not have this here" P6</i></p> <p>86. Regulation and accountability enhance practice <i>"Of course, if there were a policy, regulations and directives, if there were laws, punishments and reward, I am sure things would get better." P6</i></p> <p>87. Accountability can prevent negative affects <i>"... even if not in the form of obliging the company at least accountability should be there for the effectiveness of the programme performed by the company in the field of CSR, so that it does not have any negative effect or harm the society." P6</i> <i>"The second issue is that when it is financially controlled, it will reflect positively on the society. There will be accountability and the work will have more added value, and will be more organized and more rationalized. There will be clear KPIs (Key Performance Indicators). There will be also model applications and practices. This is my perception, and I am talking here about the leading companies (semi-governmental), which have a real weight in the economy of the country." P5</i></p> <p>88. CSR created new type of business <i>"Nowadays, companies seek to hand the responsibility to other specialized institutions to apply the CSR services instead of them. This helps in creating and spreading the CSR consultancy companies." P4</i></p> <p>89. Society perceives CSR as compulsory <i>"...unfortunately, once we start any CSR activity, the society perceives these services as a compulsory matter especially the services that we focus on." P4</i></p> <p>90. Yet some are not adopting CSR <i>"...yet there are some companies don't adopt any CSR programs; they prefer to live in their comfort zone as CSR just brings more load. This is the reason why the Ministry of Labor and Social Development motivates companies by issuing awards for the best programmes." P4</i></p> <p>91. CSR is an ethical and moral concept <i>"CSR in fact is a moral and ethical concept ... it shows the good manners of an individual to the society." P4</i></p> <p>92. National model is a solution <i>"I sincerely feel that the way to improve CSR in Saudi Arabia is to set up our own model of CSR which suits all Saudi regions." P3</i> <i>-My recommendation is to design a national form that has general features and easy to use As a start point we can generalize a successful experience and publish itby this type of forms of disclosure, the cooperation between companies will be facilitated in order to achieve the developmental goal of the country. P3</i></p>
<p>4.6.2. CSR implementation</p>	<p>1. Pollution prevention <i>"We have a big project in the company for filtering emissions in order to protect the atmosphere." P3</i> <i>"Even the thermal emissions issue is part of CSR. This helps eliminate pollution and save power, which is a very important issue. If we use thermal insulation and apply efficient power use, we can save a lot power and oil, which is wealth for coming or future generations... We are keen to pay their entitlements on time, and to preserve the environment. We try in all our projects to press the manufacturing and the supply companies, such as general electric and others, to ensure in their manufacturing that there are no emissions that will affect the society and the environment. This highly limits pollution. Even the thermal emission issue is part of the CSR. This helps eliminate pollution and save power, which is a very important issue. If we use thermal insulation and applied efficient use of power, we can save a lot power and oil which is a wealth for coming or future generations. It also helps alleviate the burden on the government and helps maintain the natural environment." P6</i></p> <p>2. Employees- safety</p>

	<p><i>"We know that we will engage in the direction of 'safety', 'health', and 'environmental awareness' ... we are full exclusive sponsors for WAI in Yanbu. This programme focuses mainly on safety, health and environmental awareness." P1</i></p> <p>3. Employees –health <i>"Therefore, safety is very important for the employees, those who work in generation plants, distribution plants, etc. All of them should enjoy a high standard of safety. This is one of the most important issues that we concentrate upon in the company in general and in CSR in particular." P5</i> <i>"...we are keen to provide a quiet, safe and healthy work environment for the employees, and this is part of our CSR." P6</i></p> <p>4. security <i>"It takes into consideration, as I told you, pollution prevention, process safety ... employee health and safety ... and also security because security is becoming a major challenge these days." P10</i></p> <p>5. Raise awareness <i>"...we do a constant educational info-graphic on how to deal with the gas, the danger of gas and how to avoid gas leaks ...we have cooperated with some associations to make people aware of celiac disease because it is a common disease and people in Saudi do not know much about it. In addition to some world days, such as world health on 7th April we focus on diabetes. We make info-graphics to make people aware of diabetes and how to deal with diabetic people. Two days ago, we focused on orphan day by posting some posts on social media." P9</i> <i>"...including safety and professional health, here we have awareness raising activities in schools and malls, and through brochures, TV programmes, etc. ... We now also present training courses in schools. We cover over 300 schools where we introduce courses on traffic safety. We even use simulation devices like the simulation car. We target high school students; this is the segment where we seek to build and increase awareness on the subject of traffic safety." P7</i></p> <p>6. Communicating <i>"...we also are sharing with them communication about plastics." P10</i></p> <p>7. Serving local needs <i>"Geographically, our focus is on the area where [the company] works (Mecca, Yanbu, Jaddah and Medina)." P1</i></p> <p>8. Contribute to Country's development plans <i>"...that we need to contribute to the development of the region where we are.... The CSR in itself should take into consideration the strategy of the country itself." P10</i> <i>"... Sabic ... they have supported the national programme for drug prevention with 50 million." P5</i></p> <p>9. Compliance with Saudization <i>"Even employing Saudi nationals, we consider it as part of our CSR. It is true that we try to attract certain qualified staff, but in the end we participate in the "Saudization" of the company staff." P6</i> <i>.... we go and we try to develop it by also contributing to the national efforts ...also for Saudization. We have a rate of around 84 to 86% of Saudi's working for Petro Arabia.P10</i></p> <p>10. Supporting SME's <i>"When the country say, "Okay, we need to support the employment, the 'Saudization', or the development of small and medium enterprises, then the CSR... should take this into consideration" P10</i></p> <p>11. Supporting national products <i>"We are also keen to use national products in our operation, and this is part of our CSR." P6</i></p> <p>12. Collaboration with suppliers and other entities <i>"We further encourage Saudi contractors and suppliers and give them the opportunity to compete with international companies to obtain a good share of the company's projects, pursuant to their capabilities ... We as a company cooperate with other entities concerned with CSR especially that those companies have their role in the society and support sustainable development in the society." P6</i></p>
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	<p>13. Employing young people <i>"...when we first started we used to hire young people, the future leaders." P3</i></p> <p>14. Maintaining marine wildlife <i>"For example, we have the Steam Power Plants, which use water from the sea and return it back to the sea, but it is rather hot when it is returned so it needs to be treated before it is returned to maintain marine wildlife and the environment." P5</i></p> <p>15. Rationalizing the usage of the power <i>"We also have issues related to the consumer, like increasing their awareness about the dangers of electricity, and rationalization in using power, by using modern technology to save power and not getting very high bills." P5</i></p> <p>16. To society <i>"We try to consider issues that are important to society. For example, one issue that is mentioned in the standards of ISO 26000 is safety and professional health." P5</i></p> <p>17. To employees <i>"Because CSR serves the society and the employees, and because the approach of the company is to include both sides, we have internal committees that are responsible for issues related to employees." P3</i></p> <p>18. To consumers <i>"We also have issues related to the consumer, like increasing their awareness about the dangers of electricity." P5</i></p> <p>19. Some CSR programmes waste money <i>"I mean that some corporate social responsibility programmes are a waste of money. They are just for showing off rather than being programmes that really reflect upon the needs of the society... Even the financial management, some of them see it as a waste of money." P5</i></p> <p>20. Gap between practice and strategies <i>"On the level of the strategy and vision you will find it perfect, but the programmes are not in alignment with the strategy. If you read through it, you would say that all these activities are PR and events, and that it is not in alignment with the guidelines as a strategy." P5</i></p> <p>21. Support education <i>"If they have any issue in their own interest so we support their programs or we bring the school students to the company as a one day trip to introduce the students to the company and show them how we work." P1</i></p> <p>22. Show off <i>"They are just for showing off rather than being programmes that really reflect upon the needs of the society." P5</i> <i>"...there is always a 'show off'." P7</i></p> <p>23. Media is a source of information for suggesting the programmes of CSR <i>"We know this, normally, from social gatherings or the media." P3</i></p> <p>24. Personal views are a source of information <i>"As we, in the end, are individuals in the society we all are affected by any issues or cases coming up there. We know this normally from social gatherings or the media." P3</i></p> <p>25. No governmental guide to where to work <i>"We have no main source or guide, it is a governmental responsibility ... we know this normally from social gatherings or the media. For example, traffic accidents were a common problem in Yanbu so accordingly the company directed its programmes to serve the goal of solving these kinds of issues." P3</i></p> <p>26. Raise awareness on traffic accidents (health problems) <i>"We targeted high school students, which is the segment where we seek to build and increase awareness on the subject of traffic safety." P7</i></p> <p>27. Raise awareness about divorce problems (social problems) <i>"...another example is the divorce phenomenon; we seek to raise the awareness among people regarding these issues." P3</i></p>
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	<p>28. Raise awareness on environment <i>"...we have annual sponsorship for some programmes while it is small programs like (X Program) we have full exclusive sponsorship for X in Yanbu. This programme focuses mainly on safety, health and environmental awareness."</i> P1</p> <p>29. Support Housing (economic situation) <i>"The main programme was building houses for people in need (based on a study showing that the main concern in Ynbuu is poverty / housing). 270 units for 1000 persons were built for this purpose at a cost of SR45 million SR."</i> P3</p> <p>30. Support education <i>"...so, we support [X] program, especially the educational centre."</i>P1 <i>"In education for example we have provided many schools in [X city] with new machines for the purpose of supporting education and we are aiming to continue this support for the coming years ... now we can say that we have covered almost 99% of [X] schools."</i> P3 <i>"In general, we have been serving the educational sector for years and serving the health sector, particularly people with special needs."</i> P3 <i>"...we do a constant educational info-graphic on how to deal with gas, the danger of gas and how to avoid gas leaks."</i> P9 <i>we support (M schools) but let me tell about one of our annual program which we are really proud of, This program is called Enjaz program. ... we made a mix between the work environment knowledge and the senior students from secondary schools, who are about to enter universities. This was one of the big programs in education, but we also have other small programs in education."</i> P1 <i>"In ... "Riyadh Area", and before almost one month, we targeted 200 students of high school level to explain to them the importance of professional safety. We trained them to drive their cars safely and explained to them the mistakes they may commit..., our program was extended to increase spreading awareness at schools.... we target young generations in schools, universities, and even the general public, we target them in the malls, ... P7</i></p> <p>31. Support the learning of disabled people(rehabilitation) (health problems) <i>The intended programme to be implemented is to establish the largest handicapped centre in Yanbuu. This programme has been chosen based on a study showed that people with learning disabilities (about 7000) are in need to this type of centres for treatment and rehabilitation, however, the work on this project is still in process. P3</i> <i>"In the last two years, the company has focused on learning disability needs (disabled people, blind people, autism etc.)."</i> P3 <i>"... 'Try wheelchair'."</i> P9</p> <p>32. Training and sponsoring (employees approach) <i>"...competition for career opportunities, training opportunities, etc. All these issues are applied now."</i> P5 <i>"We now also present training courses in schools. We cover over 300 schools where we introduce courses on traffic safety. We even use simulation devices like the simulation car. We target the high school students, which is the segment where we seek to build and increase awareness on the subject of traffic safety."</i> P7</p> <p>33. Exhibitions and conferences <i>"Concerning work practices, you have Justice in competition for career opportunities, training opportunities, etc. All these issues are applied now."</i> P5 <i>"We now also present training courses in schools. We cover over 300 schools where we introduce courses on traffic safety. We even use simulation devices like the simulation car. We target the high school students, which is the segment where we seek to build and increase awareness on the subject of traffic safety."</i> P7</p> <p>34. Urgent events(disasters) <i>"...so, we help the government by doing vacuums and drainage to clear the roads in any emergency cases such as flooding and so on."</i> P1</p> <p>35. Support voluntary work <i>"...one of our goals is to enhance the spirit of voluntary work among society."</i> P3</p> <p>36. External and internal practices <i>"CSR serves the society and the employees, and the approach of the company is to include both sides. We have internal committees that are responsible for issues related to employees,</i></p>
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	<p>for example health and safety and social affairs. However, we also work with the project (board, council) outside the company.” P3</p> <p>we also work on the issue of rationalising power consumption, as well as rationalising water consumption. In our buildings in the company, we set an example in the rationalisation of using electricity. We have good monitoring of power consumption in the staff offices and accommodation, as well as during duty hours, in addition to monitoring the use of air-conditions which leads to less consumption of electricity and therefore less fuel burning in the generation plants. The same applies to the rationalisation of using water. P7</p> <p>37. Increase the beneficiaries is an aim “...and we want to develop our efforts and to expand the proportion of the population who benefit from our programmes... as many beneficiaries as possible.” P1 “Our aim is to cover the largest number of beneficiaries with sustainability and development.” P3</p> <p>38. The quality is an aim “...our approach is to do what the society really needs; the quality of the programme is our concern.” P3</p> <p>39. General donations “We visit hospitals... and provide donations for some societies that provide social services like the Fahad Bin Salman Society and Kenana.” P6</p> <p>40. Programs (big & small) “This was one of the big programmes in education, but we also have other small programmes in education e.g. a school called “ebn Khaldon”.” P1</p> <p>41. Programmes (annual & seasonal) “Mostly we are involved in 10-15 programmes every year, big, small, annual and seasonal.” P1 “...So now you can see that it varies: annual and occasional strategies.” P1</p> <p>42. Beneficiaries are internal and external “...and other small programmes we support are exhibitions and conferences related to safety and security... In addition to the programmes, we also support [the company's] families and we train them on ‘home safety and security’ in the area where [the company] is. We also support needy families and this is called Ectefea.” P1</p> <p>43. Serve where we operate (impact) “Geographically, our focus is on the area where [the company] works (Mecca, Yanbu, Jeddah and Medina).” The reason for that is because our environmental impact is in these areas, so we support the society influenced by our work.” P1</p> <p>44. Doesn’t reflect the society needs “I mean that some corporate social responsibility programmes are a waste of money. They are just for showing off rather than being programmes that really reflect upon the needs of the society.” P5 “This kind of social work, banks do not do it. What they actually do is post logos in conferences, which does not help the society.” P9</p> <p>45. 46. The families of the employees “In addition to the safety and security programs, we also support [the company's] families and we train them on ‘home safety and security’ in the area where [the company] is.” P1</p> <p>46. External specialised bodies are more efficient “... we signed a contract with a company specialized in sustainability and the CSR field two years ago, in order to elevate the concept of social responsibility and for efficient application.” P3</p> <p>47. Support health “Another example of medium strategies is “Ebsar”, which focuses on blind people's rehabilitation. We also support the needy family and this is called Ectefaa Which is joint with “Ectefea” institution..” P1 “...we have cooperated with some associations to make people aware of celiac disease because it is common disease and people in Saudi do not know much about it. In addition to some world days such as world health day on 7th April we focus on diabetes. We make infographics to make people aware of diabetes and how to deal with diabetic people.” P9</p>
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	<p><i>"In [region X] where the weather is very cold, we have carried out 2 programmes: mobile clinics and winter clothes for school children ... so this example is another type of CSR programme that is improving the lifestyle of the people around us... we added info-graphics about how to know if your child is autistic For example, one of the programmes that we did was "try the wheelchair". We contacted the disabled children's association and we applied this in our company and our executive officer tried it along with a couple of the executives." P8</i></p> <p><i>"Autism, we did a conversation with social specialist through social media. The conversation covered questions related to autism and we added info-graphic in regard to how to know if your child has autism." P9</i></p> <p>48. Strengthening the relationships among employees <i>"...one of our responsibilities is creating efficient social networking inside the company and fostering the exchange of information between employees so we publish news about our employees - happy or sad news - inside the organization, including news about deaths, condolences, new baby greetings etc." P9</i></p> <p>49. The need drives the type and time of participation <i>"The choice of programmes is based on the society' needs ... our approach is to do what the society really needs." P2</i> <i>"Let us say the "need" is what drives us to participate in CSR, far from the core business." P9</i> <i>"When it comes to CSR we have had to evolve to match the needs of the country ... every country is different so one size won't fit all." P8</i></p> <p>50. Contribute to improve life style of the community <i>"...so, this example is another type of CSR programme that is improving the lifestyle of the people around us." P8</i></p> <p>51. Practice more than disclosure (Gap between implementation and reporting) <i>"...honestly, what we do is much more than what we report...we have no issue in disclosing anything; the only issue is that we don't do as good a job in documenting and reporting everything and that is because we are busy doing it." P8</i></p> <p>52. Documenting is not good enough <i>"...we have no issue in disclosing anything, the only issue is that we don't do as good a job in documenting and reporting everything and that is because we are busy doing it." P8</i></p> <p>53. Training for the purpose of employing <i>"... because these areas are remote we face many challenges like the availability of work resources (workforce) and at the same time trained workers. So, we follow the same plan (training programmes...)." P8</i></p> <p>54. Watering system to the near farms (environmental approach) <i>"...not only in providing power or water but also in building the community. For example, if there is a farm near to us we help in setting up the watering system for the farm and if we need a food resource or furniture for our workers we depend on the community surrounding us to provide us with them." P8</i></p> <p>55. Mobile clinics (economic situation and health support) <i>"In [region X] where the weather is very cold, we carried out 2 programmes: mobile clinics and winter clothes for school children."P8</i></p> <p>56. Sponsoring transportation <i>"...we do many things. Sometimes they are very simple acts but they go a long way. For example, last week, one of our colleagues had a very nice idea, which was to sponsor the transportation of local farmers to go to a Bazar area just to provide them with the transport as they did not have any. We feel that we are part of the area so we got the buses and we transported them." P8</i></p> <p>57. Preserve the environment <i>"...we further concentrate upon programmes in the company related to maintaining the environment ...We are keen to pay their entitlements on time, and to preserve the environment." P6</i> <i>"The company also spends a lot of money investing in devices for controlling and monitoring emissions, and it uses very advanced "TLN" burning devices, which leads to minimising nitrogen oxide emissions ... When we talk about preserving the environment, we talk</i></p>
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	<p><i>basically about four elements, preserving air and water against pollution in addition to preserving soil against debris, and finally the level of noise ...We also generate power from green resources, or what is called renewable energy.” P7</i></p> <p><i>“As for the environment, every department in the company has its activities. We have departments who participate for example in the process of conserving the environment. There is a specific day where the staff of the company participate in cleaning activities in the work fields, together with contractors. We also perform general cleaning activities on the shores, beaches, cornish. These are all participations of the company.” P7</i></p> <p><i>“As we are in a chemical and petrochemical environment. We are a company for petrochemical. The environment is very, very important.” P10</i></p> <p>58. Support national products and contractors</p> <p><i>“We are also keen to use national products in our operation, and this is part of our CSR ... We further encourage Saudi contractors and suppliers and give them the opportunity to compete with international companies to obtain a good share of the company's projects, pursuant to their capabilities.” P6</i></p> <p>59. Donations but not cash</p> <p><i>“Now, for example, we have a trend not to pay cash to Kenana society, but to try to contract with a provider of haemodialysis and install that in desired locations. So, we sometimes change the policy.” P6</i></p> <p><i>“Based on SWAT analysis we stopped the cash support and replaced it with qualitative services instead of monetary aid to avoid fraud or putting the company's money in useless programmes.” P4</i></p> <p><i>“...some programmes were in the form of direct financial aid (in very limited amounts), which we found not useful compared to supporting a product or service indirectly.” P6</i></p> <p>60. Hold events</p> <p><i>“...and hold big and different events on the level of the Kingdom.” P6</i></p> <p>61. Maintain natural resources</p> <p><i>“This limits pollution a lot and helps maintain the natural environment.” P6</i></p> <p><i>“We also generate power from green resources, or what is called renewable energy We try to generate electricity from clean resources. We try to generate more power from such resources. For example, we use the exhausts of cooling units as a thermal source for boilers instead of burning more fuel. This might cost the company more money, and it is not an obligation on the company; rather, it is an initiative of the company to maintain fuel and produce power in a cleaner way.” P6</i></p> <p>62. Providing a service rather than giving money</p> <p><i>“Some programmes were in the form of direct financial aid (in very limited amounts), which we found not useful compared to supporting a product or service indirectly. For example, with the disabled children's society, we take their drawings and present them in the congratulations cards of the Eid and the income goes back to those disabled children. We buy some drawings of the children. So, we have found that supporting a product or a service is better than direct pay” P6</i></p> <p>63. Targeted stakeholders: employee, society, other sectors, environment, government</p> <p><i>“As I told you, we target our employees and the society, including all of its sectors, as well as charitable organizations, patients, and entities supporting productive family work, which we try to enhance due to its return for the family.”. P6</i></p> <p>64. The practice is not mature yet even from the specialists</p> <p><i>“...It is considered as a priority among other strategic objectives of the company, but it is not granted that level of depth required, I mean on the level of structuring, budgeting, etc.” P5</i></p> <p>65. Efficient engagement is an aim</p> <p><i>“No, this happened due to [the company's] desire to engage deeply in CSR. While the history of CSR in the company is long, the CSR organization has not been happening for long. It started with a big boost and we don't want to lose this boost...” P1</i></p> <p>66. Creativity is an aim</p> <p><i>“We seek to work in a creative way and to imply our own conception.” P1</i></p>
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<p>4.6.3. CSR Reporting</p>	<ol style="list-style-type: none"> <p>1. External reports <i>"No, internal one, no. We don't have that, we just have two external ones. One is our financial report. It is the CMA." P10</i></p> <p>2. Part of the annual report <i>"We are reporting on CSR as part of our annual report. This is our practice. In fact, the actual practice is reporting our CSR activities in our annual report." P10</i> <i>"As for disclosure of corporate social responsibility, there is no specialized company to do so. It is disclosed through newspapers, and through annual reports only." P5</i> <i>"...we choose to report social responsibility in a short form through the annual report." P6</i></p> <p>3. Sort of sustainability (what it is like) <i>"...we have a sort of sustainability report." P10</i></p> <p>4. Financial and nonfinancial (the information in the reports) <i>"For the time being, we are financial and non-financial report together because we are reporting on CSR within our financial report." P10</i> <i>.... so the expenditure on CSR programmes goes through the financial department. so we can say that there are financial issues and nonfinancial issues....</i> <i>....Every year we issue a report shows the implemented CSR programmes and activities, the number of the beneficiaries, the duration of the programmes ,the awards that the company has gained and the achieved goals of these programmes . This report is a standalone report but a qualitative report.</i> <i>Using a standalone report is due to that the interested people in CSR may not be interested in the core of the business of the company.</i> <i>- The contents of the report are: goals, vision, mission, the way of the work, strategies, message from the president of the company and the programmes that already done. No financial information in this report as it is not a financial report. The reason why it is not a financial report is that the people are not interested in how much and how you spend it. The financial issues go to the financial management while the qualitative report is prepared inside the CSR department and revised by the public relations and finally confirmed by the senior management then it is printed out. P3</i></p> <p>5. Report to GPCA <i>"...then we are making the exercise of reporting to GPCA, but the final report is not [the company] reporting it is to the association and let's say the petrochemical and chemical company members of GPCA report collectively their progress." P10</i></p> <p>6. Plan for GRI and IRI (future perspectives) <i>"Most probably we are going to go with GRI ... We are also studying some new initiatives with Islamic reporting." P10</i></p> <p>7. Controlled by CMA and Ministry of Petroleum <i>"As we are a publicly held company, we also have some regulations about the CMA, the monetary agency. In the disclosure, we have a lot of things to be aware of and to respect. We cannot disclose, and also we are dependent on the ministry of petroleum." P10</i></p> <p>8. Disclosure up to regulation and the company <i>Sure, we have many issues because of the Saudi regulation. As we are a publicly held company, also we have some regulation about the CMA, the monetary agency. In the disclosure, we have a lot of things to be aware of and to respect. We cannot disclose, and also we are depending on the ministry of petroleum. In terms of disclosure, we have to follow the Saudi regulation. We are also a strategic company in oil and gas. P10</i> <i>Needless to say, we seek the confirmation from the government and it [CSR programmes and activities] should be endorsed by the government. P1</i></p> <p>9. Report on water consumption and electricity <i>"Then we are reporting for [the company] yearly on different topics, but mainly about the consumption of water or electricity." P10</i></p> <p>10. Shareholders and investors are main audience <i>"For me, the reporting, it's mainly shareholders, investors. I believe they are the ones mainly. We have an example here in [the company] who are interested very much by all that is reported in a sustainability report or in a CSR report because most investors nowadays and funders are looking for this information." P10</i></p>
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	<p><i>"We also have the shareholders, which are the government and Aramco, which also owns a part of us. We also have the investors and partners, some of which are foreign companies, and some local companies." P5</i> <i>However, over the recent four years, we do publish most of the information. In the full report to the shareholders... we disclose everything P1</i></p> <p>11. Job seekers are the secondary audience <i>"Probably you will have some job seekers who might be interested by the report because more and more we see that young graduates want to select properly the company they work with or to which they will apply. Then I believe maybe it can be an audience, but it's a secondary audience." P10</i></p> <p>12. Some governmental bodies are a secondary audience <i>"I believe after that some government bodies may be interested in such reports." P10</i></p> <p>13. Public are not interested <i>"I don't think that the public is very interested in this type of report in Saudi Arabia." P10</i></p> <p>14. No suitable reports models (published) <i>"We don't have the expertise in this field and there is no suitable model to look up to as a guide" P1</i></p> <p>15. Limited accessibility to others' reports <i>"We acknowledge what other companies do (not related to Aramo), but usually, they [their reports] are published either in the company's reports or in other companies' reports but not in the news or in social media." P1</i></p> <p>16. Limited accessibility to relevant information <i>"We conclude that the information is unreachable. The CSR information, the rules, the regulations, the procedures and the policies in Saudi Arabia are not easy to reach or to get." P1</i></p> <p>17. The comparison is un-applicable <i>"Thus, the comparison (and the information) are vulnerable. Even though when we say we have international guidelines for CSR such as (ISO26000), it is activated only in some companies and it doesn't fully match their goals." P1</i></p> <p>18. International guidelines are not applicable <i>"We try to implement much of the guidelines even though the companies that implement the ISO say they don't really get that much benefit from it; we follow it but it doesn't really match our goals. So, ISO might not be used for benchmarking." P1</i> <i>Having that CSR is a new concept to Saudi Arabia, people think that we should follow the international practices, but this is not the right thing to do....</i> <i>...Tailoring GRI to be user-friendly is a prime requirement for us. Some reports do not go with the user step by step from the goals to the implementations!</i> <i>I studied the ISO 26000; unfortunately, it has no certificate, it is only standards, unlike the other kinds of ISO's...</i> <i>- In Saudi Arabia about only four or five companies are using GRI while the other companies are doing a good CSR but use a different way to disclose their practices. Unfortunately, they (the companies that don't use GRI forms) are a commitment to CSR, but because of (biased) forms or reports they are seen as they are not a commitment to CSR. P3</i></p> <p>19. Applying cost-benefit <i>"...If we have a bigger budget, I would do a promo and upload this on youtube or TV channel. So, the disclosure depends on the budget availability." P9</i></p> <p>20. Social media reflects public interest <i>"This is reflected in the increase in programmes, the increase in the number of the people involved in it as well as most of the social media posts. I can confirm that more than 10% of it is about CSR." P1</i></p> <p>21. The type of the company effects the disclosure <i>"-...you have mentioned, for example, some numbers and you have asked me not to be included in the research. Can you please shed light on the reason?</i> <i>-Because we are a limited company not a public company in the market and we are not allowed to publish the financial information." P1</i></p>
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	<p><i>"Companies differ in terms of the type. For example, joint stock companies or finance companies (banks) seek to disclose CSR information for the purpose of marketing and to attract consumers' attentions but others don't disclose any financial information like limited companies." P3</i></p> <p><i>As for the family companies, or the small companies, they are still in the sphere of promotion. They try to market themselves by showing up, and showing that they perform some social activities. This is not always the case concerning big stock companies...P5</i></p> <p>22. In limited liability companies only non-financial information is published. <i>"The CSR reports that have financial information are not allowed to be published. Other than that, anyone can see them. This is because our company has limited liability; its shareholders are (Aramco and Jadwa) and only they and the auditor can view them." P1</i></p> <p>23. Reports can be published quarterly <i>"In terms of CSR reporting, there is quarterly reporting; in fact, it is monthly reporting integrated with the other main report that goes to the stakeholders." P1</i></p> <p>24. CSR information can be part of the main report of the company <i>"In terms of CSR reporting, there is quarterly reporting; in fact, it is monthly reporting integrated with the other main report that goes to the stakeholders (the stakeholders and the other people connected to Luberef related to confidential information)." P1</i></p> <p>25. CSR information can be reported on the company's website <i>"The monthly and quarterly report is published on our website... without specifying any amount of money, so yes, as a programme itself we publish it on the website, in the news and in any international journals we disclose our CSR programmes" P1</i> <i>"... and we have the website through which we publish our efforts in the CSR field." P6</i></p> <p>26. CSR information can be reported in national journals <i>"...so yes, as a programme itself we publish it on the website, in the news and in any international journals we disclose our CSR programmes" P1</i> <i>"But we do not have a specific sigma for disclosure. Mostly, it happens through newspaper." P5</i></p> <p>27. CSR information can be reported in our newsletter <i>"...we publish it on the website, in the news and in any international journals we disclose our CSR programmes." P1</i> <i>"...we have 'AL-MESHKAT' monthly magazine (newsletter) issued by the company, which includes general information about the activities of the company but it is not specialised in a particular issue." P7</i></p> <p>28. CSR information can be reported on Internal screens and Bulletin <i>"[the company] uses two methods; it uses the annual gathering and screens inside the company to disclose different information as an effective communication tool to ensure that all of the employees have received the information." P1</i> <i>"We have like a monthly bulletin for the staff ... through which we publish our efforts in the CSR field." P6</i></p> <p>29. CSR information can be reported in social media <i>"If you are talking about the tools, we use the available tools, which is social media of course, in addition to newspapers, and the annual report, as you mentioned. But social media is the most commonly used one, with the percentage of about 80%, because as you know it is not costly and is very effective." P5</i> <i>"...So, this programme is social participation, and we published this in the social media. If we have a bigger budget, I would do a promo and upload this on youtube or TV channel." P9</i> <i>"...We also have our twitter website through which we release some pieces of information and directives about safety and electrical safety etc. So, methods of disclosure of information are many but cannot be all gathered in one form due to the differences in people interests, and the numerous subjects discussed. It becomes even difficult for one to follow up all the information about some issue due to their numerosly." P7</i></p> <p>30. CSR information can be reported and announced in the annual gathering <i>"[the company] it uses the annual gathers." P1</i></p> <p>31. CSR information can be reported to any interested ones</p>
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	<p><i>"Anyone will have the right to view any CSR information but without specified amounts of money." P1</i></p> <p>32. CSR information can be reported to employees <i>"...to ensure that most employees have received the information." P1</i> <i>"...Q- who are the audiences for this report?</i> <i>- The company prints out more than 1000 copies and distributes them to the employees, other companies, other sectors, the charity institutions and in any forums." P3</i></p> <p>33. CSR information can be formal and informal <i>"...CSR reporting comes in two types: formal use and informal use." P1</i></p> <p>34. CSR information can be formal-periodical <i>"CSR reporting ... I mean the accountably use where there are monthly, quarterly and annual reports." P1</i></p> <p>35. CSR information can be formal-detailed financial and non-financial <i>"The other section of publishing is where we use it for full details, either financially or about the programmes. The disclosure here is monthly, quarterly and annually as a section specific to CSR." P1</i></p> <p>36. CSR information can be formal in a standalone report <i>"However, in the annual report there is "a standalone report" plus we do it in a special way for publishing and a special way for presentation. So, it is prepared in a special form and published in a special way." P1</i> <i>"Using a standalone report is due to that the interested people in CSR may not be interested in the core of the business of the company." P3</i> <i>" Every year we issue a report shows the implemented CSR programmes and activities, the number of the beneficiaries, the duration of the programmes ,the awards that the company has gained and the achieved goals of these programmes . This report is a standalone report but a qualitative report." P3</i></p> <p>37. CSR information can be formal -pre- prepared form <i>"- Did the company develop this form or do you use a ready-made form borrowed from outside the company?</i> <i>- as a form, when we use the official report, we use the standards of [the company]. However, for various other publications (journals, leaflets etc.) we prepare freely ... we follow different ways, so it is not necessarily just one way. But in terms of the formal report and the annual report we use a standard form." P1</i></p> <p>38. CSR information can be formal and accountable <i>"CSR reporting comes in two types: formal use and informal use (in fact all the reporting is formal use) but I mean the accountable use where there are monthly, quarterly and annually reports." P1</i></p> <p>39. CSR reporting on the way to obligatory <i>"This could be a preparation for disclosure, because I believe that disclosure will soon be obligatory." P5</i></p> <p>40. Publishing in social media is not costly and effective <i>"...but social media is the most commonly used one, with a percentage of about 80%, because as you know it is not costly and is very effective." P5</i></p> <p>41. No guidelines yet <i>"Unfortunately, there were no particular accredited standards for CSR in Saudi Arabia as a framework for all the companies in different sectors (public, charitable, and private." P3</i> <i>"This is not applicable not only to our company but to most of the companies. As for disclosure of corporate social responsibility, there is no specialized company to do so." P5</i></p> <p>42. CSR information can be reported to the board <i>"Disclosure is always for the board." P5</i></p> <p>43. CSR information can be reported to customers <i>"Disclosure is always for the board of directors... the customers are the priority in our stakeholders list." P5</i></p> <p>44. Disclosure to semi government companies ex. SABIC, ARAMCO</p>
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	<p><i>"We have priority stakeholders, including ... semi-government companies like Sabek, Aramco, Maaden, this is the second group." P5</i></p> <p>45. Disclosure to governmental bodies <i>"...and government bodies, like the Ministry of Finance, the council of ministers, the council of experts, the ministry of electricity and water, and the regulator." P5</i></p> <p>46. To staff <i>"...in addition to the staff, which have many subdivisions ... the exhibitors, the PPs, and the junior employees." P5</i></p> <p>47. To investors, suppliers and contractors. <i>"We also have the investors and partners, some of which are foreign companies, and some local companies ... We also have the suppliers and the contractors, including Aramco, APP, and Haundy," P5</i></p> <p>48. Doesn't reflect the society needs <i>"Very few companies that build their CSR initiatives based on real evidence of what society needs" P14</i></p> <p>49. CSR information can be reported in the financial report as "donations" <i>"Now, you find it in the financial report under the item called "donations". This means they are not programmes, but rather donations to a charitable society." P5</i></p> <p>50. No dedicated unit for disclosure <i>"Firstly, we do not have a dedicated CSR unit that is fully responsible for CSR." P6</i></p> <p>51. G4 for sustainability <i>"... the company has a CSR strategy plus a stand-alone report for sustainability using the G4." P8</i></p> <p>52. Disclosure goes beyond reports (might include word of mouth) <i>"Look, for external reporting, it is necessary to use the international one. But for internal reporting there is nothing like seeing and ... listening to the people ...Imagine that our own chairman visits and sees by himself.... he talks to the people who are affected by the programme that we deliver." P8</i> <i>"... we have a great list of CSR activities that we show in meetings and conferences. We showed them once in the Chamber of Commerce in Jeddah. "P6</i></p> <p>53. The 'review analysis' to update the programmes <i>"...every country has its own evaluation methodology.</i> <i>- do you do a report according to this evaluation? And do you modify the plans in accordance?</i> <i>"...exactly, we do a review, a look back analysis, to see what has worked, what happened, what we will focus on next year and it also goes to the budgeting." P8</i></p> <p>54. Brochures as a type of disclosure <i>"We have also started annual programmes for the families of the staff including mothers and children with a programme called "Correct Behaviour" and another called "dangers of electricity" and a third called "general safety" ... we have also included some general brochures to increase society's awareness." P6</i></p> <p>55. Several departments prepare the report (mainly PR) <i>"The department of public relations is the one that prepares this part actually, in cooperation with other departments like the generation department, environmental protection etc." P6</i> <i>"... while the qualitative report is prepared inside the CSR department and revised by the public relations and finally confirmed by the senior management then it is printed out ." P3</i> <i>"Usually the company releases such information through its general affairs department which is the facade of the company regarding what can be published about the company in the media. This allows us to be sure that the information released is the correct one." P7</i></p> <p>56. Emails is a type of disclosure <i>"We use also email for increasing awareness. We have about 38 thousand staff members, of which more than 20 thousand have access to email, we use internet to communicate with our staff in this regard. So, there is a lot of issues that are not published in the annual report." P6</i></p>
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	<p>57. Disclose to disseminate When the informant was asked about the aim of reporting he answered “Dissemination of information.” P6</p> <p>58. Disclose to enhance loyalty “Dissemination of information, enhancing loyalty, and cooperation with external entities.” For example, we have a great deal of cooperation with the General Drug Department, through lectures, awareness, support, organising open days, etc, P6</p> <p>59. Disclose to cooperate with other entities “Dissemination of information, enhancing loyalty, and cooperation with external entities.” P6</p> <p>60. Gap between practice and disclosure “Such disclosure is not in harmony with what is executed as CSR programmes...” P5 “Currently it does not reflect. There is no clear disclosure that shows the actual programmes. ... Now, you find it in the financial report under the item called “donations”. This means they are not programmes, but rather donations to a charitable society. Sabec, for example, donated the amount of 300 million to the mental health hospital in Riyadh. They use GRI, Global Report Initiative. They have guidelines and are working properly. They have supported the national programme for drug prevention with 50 million, the Autism Research Center in King Faisal Hospital with 45 million, Down Syndrome Combat with 12 million, The National Survey of Health and the pressures of life project with 11 million and seven hundred thousand, and the Al-Jobail Charitable Organization with 10 million. All of these details I obtained from unpublished reports; they are not disclosed. But if you ask them why they are doing so, they say everybody is doing it this way; it is rather a benchmark.” P5 “Q. You mentioned that you have changed your policy of CSR, is this the reason why you didn’t have any CSR programmes published on your website in 2015? No, we had about 15 programs in 2015 but we didn’t publish them.” P1 “...honestly, what we do is much more than what we report.” P8 “We showed them once in the Chamber of Commerce in Jeddah, and the audience did not believe that these programmes existed in the [company].” P6</p> <p>61. Detailed report subject to request “However, we are sometimes asked for detailed reports and at that time we can provide details about the budget, the expenses, how they were spent, the beneficiaries, the programmes, etc. We hope in the coming years to have a separate report about social responsibility.” P5</p> <p>67. No focus on reporting “Firstly, the fact that we do not have a specialized work unit that is fully responsible for CSR is one of the reasons. As you know the annual report covers all of the activities of the company throughout the year. We are a large company, the second largest company in the Kingdom, and also in the Middle East and north Africa (MENA) and we have to focus more on our core business of generating and distributing electricity; that is why we choose to report social responsibility in a short form through the annual report.” P6</p> <p>68. A plan for a stand-alone report “...we hope in the coming years to have a separate report about social responsibility.” P6 “...we did a base for this standalone report we are planning to do, but frankly, we don’t know when we will be ready or able to deliver it. This is part of the strategy, and we are intending to that.” P10</p> <p>69. Disclosure is restricted by the type of partnerships “The information disclosed has to be allowed by our partnerships and the regulations.” P4 “...the company has very big project for filtering the emissions in order to protect the atmosphere..... the company doesn’t do any disclosure in any kind of reporting about its effort of protecting the environment. The reason for that is because it is related to the company’s policies and its strategies”. P3</p> <p>70. No disclosure for negative impact on the environmental and/or the employees “...negative impact on the environment and on employees will not be disclosed at all; add to that the inequality in salaries especially the salaries of the board of directors.” P4</p> <p>71. Transparency is not rigorous</p>
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	<p><i>"...full transparency does not exist, as if it is existed it would provoke public opinion against the company." P4</i></p> <p>72. Disclosure is selective <i>"Disclosure is selective and focuses only on the positive issues because we are in a competitive environment and we don't want to face public opinion." P4</i></p> <p>73. Performance evaluation methods are not mature <i>"In terms of the evaluation, as you ask, it lacks good strategies and it is influenced by many factors but the most important one is employees' performance evaluation. Therefore, many CSR activities continue for a long time although they are not successful." P4</i></p> <p>74. Part of the annual report <i>"...we have to focus more on our core business of generating and distributing electricity; that is why we choose to report social responsibility in a short form through the annual report." P5</i> <i>"...there is also a part about CSR in the annual report of the company" P7</i> <i>"Q-I noticed that a lot of issues were included under policies, and that some of the activities in the website were not covered in the annual report"</i> <i>-That is true we try to be brief and without explaining everything in details because it is very diversified." P6</i></p> <p>75. Public is not very interested <i>"... I don't think that the public is very interested in this type of report in Saudi Arabia." P10</i></p> <p>76. Materiality <i>"...there are some small donations we don't disclose because they are small." P1</i></p> <p>77. Disclose to marketing and encourage imitating <i>"From the company perspective, yes disclosure is important. When I earn and propose a social service I want to let the society know for two reasons: first, to market ourselves; and second, to encourage other companies to participate." P9</i> <i>"...an important part of it [CSR] is for marketing, image and branding. So, the disclosure is important for the company." P9</i></p>
<p>4.6.4. The process of implementing CSR inside the company (and administrative issues)</p>	<p>1. Cross-functional committee <i>"The CSR committee is mainly a cross functional committee with different managers from operations and from investor industrial relations." P10</i></p> <p>2. First, Plan but generally <i>"In the annual meeting of the CSR, we define the company's direction (orientation) for the upcoming year and also the budget for that direction. However, we only have the orientations of what we will participate in and some programmes. We don't know exactly all of the programs that we will provide at the beginning of the year." P1</i></p> <p>3. Second, Board of directors who plan <i>"...this department and this function were established throughout the board of directors." P1</i> <i>"Every year a CSR session devoted with the board of director. In the session, we agree on the company's orientations for the coming year. I mean we identify the programmes and the fund." P1</i></p> <p>4. Third, Confirmation <i>"...after the session, we receive the confirmation." P1</i></p> <p>5. fourth, fund <i>"...after the session, we receive the confirmation on the funds, the orientations and parts of the programmes. Then CSR procedures will be formulated" P1</i> <i>"This duration has a budget approved by the company's management board, as it should focus on the mind and the need." P2</i></p> <p>6. Fifth, forming the committee (top level) <i>"Throughout this committee of CSR, we work and we vote on everything." P1</i> <i>"This committee consists of the president of the company, 2 VPs, HR, our department (corporate affairs department) and the accounting department." P1</i></p> <p>7. Two meetings every year <i>"Every year we hold a meeting or twice a year and we check the approved programmes and completed accomplishments." P2</i></p>

	<p>8. No dedicated CSR unit <i>"No, it is not an independent unit. In the company, we have a vision called marketing communication. Marketing communication has units that come under it" P9</i> <i>"It seems you do not have a special section responsible for CSR. Am I right?"</i> <i>No, we do not have that. But let me tell you something. We started CSR in 2003, but unfortunately, we do not have enough direction towards CSR. The other point is that the general control divan checks our activity as the government is one of the owners of the company. Every year they place a notice that a special unit should be established for CSR."</i> P6</p> <p>9. Part of Marketing and PR departments <i>"Marketing communication has units that come under it. The marketing communication unit is managed by one person who manages the events, advertising and CSR. He is the executive. The outbound, the initiative or things that come from us or that come from outside go to me and then to the executive officer. Some that require a high budget go to the board of directors."</i> P9</p> <p>10. Planning depends on "stakeholders' analysis" <i>"Definitely, we have stakeholder analysis for every region we operate in. We meet with the community and we identify who the stakeholders are. We try to engage and to find out what their needs are, and we introduce ourselves in formal and informal ways."</i> P8</p> <p>11. Committees at the headquarters <i>"...so, what we have done, we have empowered the local team [of CSR committee] wherever they are. We have a CSR committee at headquarters and we meet and try to learn from each other as we have a CSR person in every country."</i> P8</p> <p>12. A CSR representative in every country <i>"We have a CSR committee at headquarters and we meet and try to learn from each other as we have a CSR person in every country."</i> P8</p> <p>13. Meet and exchange and learn (information source) <i>"...we meet and this committee also rotates to ensure that there is always new input and a fresh face to CSR. We meet regularly, we share knowledge and we celebrate successes. We learn from each other and empower the local teams to deploy as they see fit because we debate among the team, which goes everywhere. We have found that the decentralized approach is most effective and preferable given our situation and where we operate."</i> P8</p> <p>14. The committee is rotating <i>"...we meet and this committee also rotates to ensure that there is always new input and a fresh face to CSR."</i> P8</p> <p>15. Decentralized approach is more effective <i>"... we have found that the decentralized approach is most effective and preferable given our situation and where we operate."</i> P8</p> <p>16. Feedback is not available <i>"Actually, this is limited, because measuring or evaluating the results of such programmes, or the feedback of such programmes is very important but the concept of evaluation and measuring is sometimes not well-understood by people."</i> P6</p> <p>17. Observation is a starting point <i>"There is no specific structure actually; the process stems either from an idea, a suggestion, a bad habit we notice, a problem in the society, or a bad phenomenon. etc. Take for example ... let me tell you first that we have a great list of CSR activities that we show in meetings and conferences."</i> P6</p> <p>18. Annual plan <i>"We try to put together an annual plan every year, based on the actual needs"</i> P6</p>
<p>4.6.5 Regulation</p>	<p>1. Some of ISO 26000 <i>"... the Company is applying ISO 26000 as a guideline only."</i> P6 <i>"... when we say we have international guidelines on CSR such as ISO26000, it is used only in some companies and yet it doesn't fully match their goals... I can confirm that even the big companies who have very good CSR don't use ISO 26000."</i> P1</p>

	<p>2. ISO allows us to speak others' language <i>"We recommend following ISO 26000 as a common base. Everybody knows that we are talking the same language, and this gives the definition of this and that." P10</i></p> <p>3. ISO 26000 is not fully applicable <i>"Do you think that ISO 26000 is not suitable to the Saudi context?" P1</i> <i>"...we wouldn't say it is not suitable; we can benefit from it to some extent." P1</i></p> <p>4. ISO consumes time <i>"We studied ISO26000 last year and we considered it thoroughly for four months. We discovered finally that it might help us a lot but on the other hand it would take a lot of time and it might not benefit the company in an excellent way, so we use some of its guidelines but we don't use it efficiently." P1</i></p> <p>5. ISO 2600 is not very known (due to weak education) <i>"...it [ISO 26000] is not (applied) but basically they [other companies] don't know about it." P1</i></p> <p>6. GRI is not in the agenda <i>"What about the GRI? Does it exist in your agenda?"</i> <i>-Actually, no. I read about it during our research on ISO 26000 but no, if there is formal certification we follow it, so we follow the guidelines with the sister company and Aramco "the mother." P1</i></p> <p>7. CAMA <i>"...one is our financial report. It is the CAMA ... It's mandatory for a publicly held company." P10</i></p> <p>8. Independent groups push towards CSR <i>"I felt that some people or some groups wanted to push the government to regulate on CSR." P10</i></p> <p>9. Government encourages <i>Imagine now that the control Diwan is monitoring us to see the size of spending on corporate social responsibility, and whether we have a particular department in charge for corporate social responsibility, and even whether we have plans and strategies for corporate social responsibility or not. This means that the governmental trend is more mature than before. I am not saying it reached the ideal phase, but at least it is reaching toward the phase of application. P5</i></p> <p>10. CSR and regulation are contradictory <i>"We are not talking about CSR if we are talking about the regulation. Regulation is something. CSR is something else... Regulation for me and CSR, it's a little bit contradictory." P10</i></p> <p>11. CSR has to be voluntary <i>"... but I strongly believe that CSR is a voluntary practice and has to stay." P6</i> <i>"I feel that some people or some groups want to push the government to regulate on the CSR, but I strongly believe the CSR is something that is voluntary. As soon as there is a regulation on it, and the government impose something, it will no more be something voluntary." P10</i></p> <p>12. Against mandating <i>"I believe that the quality of and commitment to CSR under a voluntary basis will be better than if it is mandatory... This is because of the 'voluntarism', as when one decides to adopt it that means he will do it because he wants to." P1</i></p> <p>13. Voluntarism provides better CSR quality and commitment <i>"I believe that the quality of and commitment to CSR under a voluntary basis will be better than if it is mandatory... This is because of the 'voluntarism'." P1</i></p> <p>14. Mandating might have a negative impact <i>"... 'forcing' may have negative effect. For example, if a specific percentage is imposed on companies then they will try to spend it in clever ways for their own sake" P1</i></p> <p>15. Mandating with good education and a high-quality CSR system would lead to successful mandating</p>
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	<p><i>"Yes, internationally, some governments state that 1% to 2% of the company's income should be used for CSR programmes. But this comes along with much awareness and with highly-organized services and programmes (registered in the governmental agencies who control the CSR." P1</i></p> <p>16. CSR policies, standards and accounting are all developed internally <i>"...we have our own regulations and standards that are related to how we account, how we fund the programme, how we get approval for the programme and how we execute the programme." P1</i></p> <p>17. Governmental tendency to accountability (future) <i>"...there will be accountability and the work will have more added value, and will be more organized and more rationalized." P5</i></p> <p>18. Governmental tendency to rationalize expenditure (future) <i>"I am talking here about semi- governmental companies. Here, there should be control of such waste so that it is rationalized. This can lead later to disclosure. This could be a preparation for disclosure, because I believe that disclosure will soon be obligatory." P5</i></p> <p>19. 20. Government tendency to clear KPIs (future) <i>"There will be clear KPIs (Key Performance Indicators), and there will also be model applications and practices." P5</i></p> <p>20. Seek to international recognition. (future) <i>"We recommend following 2006 ISO as a common basis. Everybody knows that we are talking the same language, and it gives definitions of this and that." P10</i></p> <p>21. United Nations Global compact is used by some companies <i>"Some companies have gone far in applying international guides, as I mentioned, like global compact, and have been rewarded for that." P5</i></p> <p>22. No specific standards <i>"...no, we do not have standards to participate in CSR. Let us say the need is what drives us to participate in CSR, far from the core business." P9</i> <i>"Till now for reporting, we have not decided which way we will go. But I hope our reports will disclose CSR in a good way." P5</i></p> <p>23. Obligation leads to equality <i>"...honestly I see obligation as beneficial. We look at the bigger picture. In general speaking, organizations should participate in the society, take part in its earnings for CSR. I think Saudi organizations should do well. For example, I see that banks do not participate well, as they should. Banks earnings reach billions and their participation is "shy", which means it is not obvious in the society." P9</i></p> <p>24. External agent of CSR uses GRI <i>"...to be honest they are not available nowadays. We deal with an association called "Ather" I do not know if you have come across it. I will tell you about Ather; it will help you a lot. The Ather Company specializes in CSR. We are working with them on a complete persistent programme for CSR that reaches the global standards. Then in the future we will follow this to achieve ISO. Because Ather use GRI." P9</i></p> <p>25. One size doesn't fit all (we want to be agile) <i>"...but what we do is we want to remain (agile in a way), as I told you that one size doesn't fit all, some communities are not as well developed as others." P8</i></p> <p>26. No, for mandating CSR in the national companies <i>"...I believe that once it becomes a mandatory, someone will find a way to beat the system." P8</i></p> <p>27. Yes, for some mandating CSR in the foreign companies <i>"It is very difficult to enforce these things, but, as part of the foreign direct investment initiative no harm if we require the foreign company to do certain things such as employing certain numbers of workers in certain positions or may be kind of university engagement, doing job training ..and also on the environmental level for ex. refining and recycling the water ... any simple activities like this." P8</i></p> <p>28. International standards are for external use</p>
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	<p><i>"Look, for external reporting, it is necessary to use the international one." P8</i></p> <p>29. Our own standards (adapted from and developed by Aramco) <i>"...similar to Aramco, which has (VISA) standards (value, impact, sustainability and alignment) we also, in the light of Aramco, have developed CSR standards inside the company (BISC) (basic, impact, sustainable, conspicuous)." P4</i></p> <p>30. Exchangeable benefits between the government and companies <i>"As the company helps the government through CSR activities it is expected that the government will encourage the company to do so, for example by facilitating the company's work in some way." P4</i></p> <p>31. If the Government encourages, better CSR practices will be obtained <i>"companies sometimes compete in this regard and this certainly enhances CSR practices somehow. This is the reason why the government motivates companies by issuing awards for the best programmes." P4</i></p>
4.6.6 Change	<p>1. 2011 started <i>"... from 2010 to 2011 a new CSR function was established; a new CSR procedure and new CSR policy also emerged. In addition, a fund has been allocated to serve this function." P1</i></p> <p>2. 2013 steering committee <i>"... we developed a strategy for CSR, and it was agreed in 2013 by the management committee. Later on, following the strategy, we created a CSR steering committee." P10</i></p> <p>3. Later/gradually sustainability <i>"In the beginning it was the CSR steering committee ... the idea is to move from CSR to sustainability." P10</i></p> <p>4. After 2011, a new function for CSR with a new fund, policies, procedures and values <i>"However, from 2010 to 2011 a new CSR function was established; a new CSR procedure and new CSR policy also emerged. In addition, a fund has been allocated to serve this function." P1</i> <i>"In 2015, we changed the perception of CSR in [company] and we changed the policy a bit to enable [company] to shape its own programmes, its own identity, and its own theme of CSR, not just to respond to whatever proposal or request came to us, but to create our own programme with our own identity with the full funds of [company] so the initiative emerged from [company] to the society" P1</i></p> <p>5. After 2011 separate department for CSR <i>"This department and this function were established through the board of directors. There was a full board resolution; full board funding for CSR and then a structure for the CSR department was formulated in the company." P1</i> <i>"but in 2008, a separate unite and a defined programme for CSR were allocated in the company." P3</i> <i>"then... this department and this function were established through the board of directors" P1</i></p> <p>6. Slight change in the number of beneficiaries <i>"...and we want to develop our efforts and to expand the proportion of the population who benefit from our programmes." P1</i></p> <p>7. Slight change in the targeted beneficiaries <i>"The change was in the programmes and a slight change in the targeted beneficiaries. As I said, we are continuing our sponsorships but we have added additional value. We want to work with creativity and to imply our feelings. We don't want to wait to do what is requested from outside the company; we investigate where we are needed." P1</i></p> <p>8. Creativity is an aim <i>"We want our social work to be creative and to imply our feelings. We don't want to wait to do what is requested from outside the company; we investigate where we are needed." P1</i></p> <p>9. CSR practices is self-developed by Saudi companies <i>"I believe it mainly stems from the companies because it affects their... competitiveness, reputation, ... etc." P5</i></p>

	<p>10. In 2008 CSR tended to be more organised <i>"I started this programme two years ago... When we started the programme back in 2008, we were establishing everything; there was no systematic work."</i> P2</p> <p>11. In 2014 CSR programmes were transferred to external specialised bodies <i>"We deal with 'Ather' I do not know if you have come across it... the Company is specialized in CSR. We are working with them on a complete programme for CSR that reaches the global standards. Then in the future we will follow this to achieve ISO. Because Ather use GRI."</i> P9</p> <p>12. 2003 is a start point for CSR <i>"We started CSR in 2003, but unfortunately we did not have a clear CSR vision."</i> P6</p> <p>14. Now, no specific structure for CSR process <i>"There is no specific structure actually; the process stems either from an idea, or a suggestion."</i> P6</p>
<p>4.6.7 Benchmarking</p>	<p>1. The Gulf Petrochemicals and Chemicals Association (GPCA) When the informant was asked about benchmarking, he answered <i>"As I told you, to this association on petrochemicals and chemical association."</i> P10</p> <p>2. The state-owned oil company (Aramco) <i>"...but sure, to Aramco."</i> P10 <i>"But there are other companies that set an example like Aramco; it is the first in the Kingdom in the field of social responsibility."</i> P6</p> <p>3. Peer companies <i>"Then, yes, we have to benchmark ourselves and our CSR to these big companies around us because now the Gulf is taking the lead for petrochemicals and plastic. We have to benchmark ourselves with these companies. Neighbours."</i> P10</p> <p>4. Some international companies <i>"Most part of the time are also companies was joint venture between Aramco and other international companies such as Total (US), such as Chinese company, etc."</i> P10</p>

Appendix (3): The questions of the Second phase of the interviews

Brief introduction

This proposed research aims to explore the practices of corporate social responsibility reporting by Saudi Arabian companies and to clarify the nature, incentives and the barriers for this disclosure. In order to achieve these aims, the Grounded Theory Methodology will be applied for its appropriateness in such complex and ambiguous area. Interviews (semi-structured and structure) with CSR managers in Oil, Petrochemical and Energy Saudi companies will be conducted in line with other supporting mediums such as observations, documents or press to collect the relevant data. The iterative analysis process will finally produce an interpretation and conceptualization for the CSR reporting practices.

Interviewee information:

- Name:
- Position (experience):
- Years of dealing with CSR issues:

Th Interviews Questions (Second Phase)

Question	Intention and Elaboration (if needed)
1. Saudi companies perceive CSR as an important notion (seen in their core values or in the visions and mentioned by many of CSR representatives in Saudi companies) in your opinion how important is the reporting on CSR activities? Why? Why not?	- This will provide an idea about the importance and the extent of how CSR is embedded in the companies' core activities. - Examples for more clarification: (companies' type, ownership, size....)
2. If any, in your opinion, what does make Saudi Arabian context unique in relation to CSR reporting?	- Examples for more clarification: - Contextual factors ex: sociocultural factors (language, religion, attitudes, values), political states, economic status, and development stage.
3. Which matters are most likely to be reported?	- This will provide an idea about content and materiality.
4. It seems that internal CSR reports are having more interest than the external ones, if so, what might be the reasons?	- This will provide an idea about audiences and accountability.
5. Some Saudi managers have said that there is a gap between CSR implementation in Saudi companies and their CSR reporting, if you agree, to what do you attribute this?	- This will bring more clarity to why this 'gap' and will pave the way to generate the theory. - Examples for more clarification: incomplete documenting, unavailable national standards, being voluntary, subjective norms, budget....
6. CSR reporting and publishing can take different forms (ex. annual reports, website, social media and word of mouth), different levels of quantity and different levels of	- This will bring more clarity to 'why' and will pave the way to generate the theory. - Examples for more clarification: Being voluntary, documenting and budget are

quality; to what can you attribute this differentiation?	incomplete and deficient, the nature of the partnerships with either the government or other companies, external reasons (economic, social and political considerations)...
7. It is known that Aramco plays a principal role in directing the implementation of CSR in the whole sector, do you think it has the same impact concerning the CSR reporting?	- This will bring more clarity to potential cultural impact as Aramco transferred many western concepts to Saudi society especially to oil and petrochemical sectors but cannot see that big impact on the CSR reporting.
8. According to some Saudi managers, the philanthropic concept is still dominating CSR perception among Saudi corporations which is deeply rooted in Islamic values, do you find similar domination on CSR reporting? and how?	- This will bring more clarity to potential religious impact.
9. Credibility is an important aspect to any business, to what extent do you see the relationship between CSR reporting and credibility?	- This will shed light on the potential pressure of the company's stakeholders

Appendix (4): The questions of the third phase of the interviews

Brief introduction

This proposed research aims to explore the practices of corporate social responsibility reporting by Saudi Arabian companies and to clarify the nature, incentives and the barriers for this disclosure. In order to achieve these aims, the Grounded Theory Methodology will be applied for its appropriateness in such complex and ambiguous area. Interviews (semi-structured and structure) with CSR managers in Oil, Petrochemical and Energy Saudi companies will be conducted in line with other supporting mediums such as observations, documents or press to collect the relevant data. The iterative analysis process will finally produce an interpretation and conceptualization for the CSR reporting practices.

Interviewee information:

- Name:
- Position (experience):
- Years of dealing with CSR issues:

Question	Intention and Elaboration (if needed)
1. Some managers argue that the un-rigorous “transparency” in Saudi corporations is always an important issue. That is, not only for financial reporting but with no difference to CSR reporting. Especially where it is known that not only some negative environmental and employees’ impacts are not disclosed but also there are some CSR activities are not reported. In your opinion, to what can this be linked to ?	<ul style="list-style-type: none"> - This will lead to directly identify the ‘why’, and find the link with some other notions such as ‘accountability’ - To elaborate on: the gap between CSR implementation and the society needs or, the ambiguity of CSR perception, cultural and religious norms, outside the core corporate activities, public opinion, Absent of regulations, others (please add).
2. Some Saudi managers suggest the following as some purposes of CSR reporting, if you agree with them, can you please, prioritise and add? <ul style="list-style-type: none"> - ‘Communicating our CSR activities and our ethics’ - ‘Accord with regulations (the environmental part)’ - ‘Cooperate and collaborate with peer companies and NGOs’ - ‘Marketing and competitiveness’ - ‘Avoid criticism’ - others (please add) 	<ul style="list-style-type: none"> - This will give a clear perspective on the desired outcomes.
3. Some key contributors to CSR stress on that although, CSR in Saudi Arabia is influenced	<ul style="list-style-type: none"> - Specific focus on context.

<p>by Western developments, it will develop along its own path because of the Islamic and cultural values, do you agree with that, how?...</p>	
<p>4. “Companies’ leaders” are believed that they have an important influence on directing CSR activities and perhaps CSR reporting, in your opinion, - to what extent can we rely on this?</p>	<p>- Specific focus on leaders</p>
<p>5. Even though that there are clear signs of development in CSR activities, the practice of reporting is not at the same pace. Some are referring this to the absence of national standards at a time of inapplicability of the international standards, in your opinion; who can build these standards and what are the most important characteristics should be taken into consideration in building Saudi national standards?</p>	<p>- Specific focus on the external drivers such as the government or other institutions.</p>
<p>6. Some Saudi managers suggest some potential reasons for what might explain the reporting practices of Saudi companies, these are:</p> <ul style="list-style-type: none"> - Inactive governmental role - The nature of the partnerships and the leaders’ interest. - External reasons (economic, social and political considerations) - Lack of requirements (policies, procedures, budget, time and information) - unavailability of national standards - insufficient accountability and weak pressure of stakeholders - others (add please) <p>Can you please prioritise and elaborate if needed?</p>	<p>- Specific focus on the core concept.</p>

Appendix (5): Participant Information Sheet

PARTICIPANT INFORMATION SHEET

Study title: The Nature and Adequacy of Corporate Social and Environmental Responsibility (CSR) Reporting by Saudi Companies

I would like to invite you to take part in my research study which focuses on corporate social and environmental responsibility disclosure by Saudi Companies. The information about why the research is being done and what it would involve for you will be in the following section so please take time to read and to ask questions if you would like more information. Please, take time to decide whether or not to take part.

The study is part of my PhD thesis at the University of Brunel in The UK. It is hoped that the results could provide useful information for developing Saudi companies' reporting and Saudi accounting profession. The results of the study will be used mainly for the purpose of the PhD qualification and to be published as an academic article in the future. At the same time and if desired, I will provide the company with a summary of the study result.

You have been approached as a valuable member of the company /profession who is linked to the social and environmental responsibility of the company with a view that your participation will add an important value to this research and you might be interested in taking part in this study. The view that you might be interested does not mean you have to take part as participation is entirely voluntary.

Your participation will be through an interview with you and the discussion will concentrate on your perspectives on the core of the study (CSR reporting issues). The interview is designed to last from 30 minutes to one hour at your convenience in terms of the time. There will be a phone call in advance in order to arrange that. The interviews will be recorded and transcribed for the purpose of the research but all interviewee data will be secured on my personal computer and stored securely on Brunel server where the password is protected and will be treated highly confidentially.

If you agree to take part you will be given this information sheet to keep and you will be then asked to sign a consent form to show you agreed to take part. You are free to withdraw at any time without giving a reason.

All information which is collected about you and the company during the course of the research will be kept strictly confidential. Any information about you which leaves the company will have your name and address removed so that neither you nor your company can be identified.

If you have a concern about any aspect of this study, please do not hesitate to contact me:

Moneera Alwahaibi

Tel: 00966505418072 - 00447407220300

Email: Moneera.Alwahaibi@Brunel.ac.uk

This research is supervised by Dr Nevine El-Tway and Grigorios Theodosopoulos at Brunel University /London /UK and sponsored by the Saudi Ministry of Education /King Saud University.

'Brunel University is committed to compliance with the Universities UK Research Integrity Concordat. You are entitled to expect the highest level of integrity from our researchers during the course of their research.'

Appendix (6): Sample Consent Form

SAMPLE CONSENT FORM

<i>The participant should complete the whole of this sheet</i>		
<i>Please tick the appropriate box</i>		
	YES	NO
Have you read the Research Participant Information Sheet?	<input type="checkbox"/>	<input type="checkbox"/>
Have you had an opportunity to ask questions and discuss this study?	<input type="checkbox"/>	<input type="checkbox"/>
Have you received satisfactory answers to all your questions?	<input type="checkbox"/>	<input type="checkbox"/>
Who have you spoken to?		
Do you understand that you will not be referred to by name in any report concerning the study?	<input type="checkbox"/>	<input type="checkbox"/>
Do you understand that you are free to withdraw from the study:		
• at any time?	<input type="checkbox"/>	<input type="checkbox"/>
• without having to give a reason for withdrawing?	<input type="checkbox"/>	<input type="checkbox"/>
• without affecting your future position?	<input type="checkbox"/>	<input type="checkbox"/>
I agree to my interview being recorded.	<input type="checkbox"/>	<input type="checkbox"/>
I agree to the use of non-attributable direct quotes when the study is written up or published.	<input type="checkbox"/>	<input type="checkbox"/>
Do you agree to take part in this study?	<input type="checkbox"/>	<input type="checkbox"/>
Signature of Research Participant:		
Date:		
Name in capitals:		
<u>Witness statement</u>		
I am satisfied that the above-named has given informed consent.		
Witnessed by:-----		
Date:-----		
Name in capitals:-----		

Researcher name: Moneera Alwahaibi	Signature:
Supervisor name: Dr.Nevine el-Tawy	Signature: