

A Study on the Growth of Almarai as a Corporate Citizen in the era that seeks Sustainable

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Abstract--- *Sustainable development (SD) is now an essential aspect, which has wide applicability in almost all fields. It has the ability to enhance competitiveness and protect the rights of various stakeholders. Organizations have been adopting various strategies to enhance human capital and natural resources for future requirements. Businesses have been making a difference across a broad spectrum through SD, Corporate Social Responsibility (CSR) and Corporate Citizenship (CC). This has helped in ensuring enhanced profitable and sustainable growth with higher societal benefits. The study intended to report the best practices in CSR and CC in Almarai, a Saudi Arabian conglomerate, for the past 10 years and to understand its growth strategy in moving from mere CSR to creating shared value through SD; and its emergence as a corporate citizen in the business world. The study assesses the strategy of creating value for its stakeholders through addressing their varied needs and challenges. Using the published data of Almarai, the study assesses the extent of the organization's commitment towards CSR, the extent to which it is integrated in their corporate policies, and the nature and scope of the firms' CSR activities. It also addresses the relation of CSR to its economic, environmental and business responsibilities. Results indicate a high level of commitment and involvement towards CSR, CC and SD.*

Keywords--- *Corporate Social Responsibility, Corporate Citizenship, Sustainable Development.*

I. INTRODUCTION

Though the roots of corporate social responsibility (CSR) can be found to the prehistoric times, and references are traced to post Industrial Revolution era, its emergence in the current form occurred only a few decades back. Though literature about CSR is available since the 1950s, it started increasing in volume in the 1990s. During this time various CSR reports, standards and codes of conduct came into existence in the international arena. Despite late entry, there has been multifold accumulation of theoretical and empirical literature. However, even now CSR is mired in definitional and constituent controversies.

CSR is achieving organizational success ethically with respect to people, community and environment (Hategan, et al., 2018). It involves meeting the economic, ethical, legal and discretionary expectations of the society from business organizations. CSR is multi-faceted in nature and highlights the moral, ethical and philanthropic responsibilities of an organization; in addition to its essential duty for legal compliance and fair returns to investors (Asemah, et al, 2013). CSR involves providing due consideration to the interests of all stakeholders in the process of strategy development and execution (Ali, et al., 2010), so that positive societal impact is created. The roots of CSR can be found in a host of philanthropic activities like donations, charity, relief work, etc. offered by corporate entities. The concept has recently undergone rapid evolution and now it involves a host of concepts like business

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responsibility, corporate citizenship, philanthropy, triple bottom line, (TBL), sustainability, etc. Laszlo (2003), who suggested the “responsibility–profitability relationship” was of the firm conviction that CSR could bring in long-term value for the organization. Though there lacks a universally accepted definition for CSR, all available definitions deal with the impact that any business ought to have on the society at large. It also involves the societal expectations from businesses.

II. REVIEW OF LITERATURE

Bowen (1953) proposed one of the earliest definition of CSR. The quintessential and relevant question put forth by Bowen (1953) towards defining CSR was “What responsibilities do businesses have to contribute positively to the society?” Ever since, aided by many events and occurrences, the discipline has been evolving at a steady pace. During the 1960s distrust towards business establishments and governmental agencies originated. This was a time when suspicions about adulterated food and its dangerous effects about manufacturing processes occurred in the minds of the consumers. In addition to this, the awareness level of the fragile nature of the ecosystem and human rights also got due importance among the general public. However, till the early 1970s, despite regulation and legislation, business organizations listened only to shareholders and mostly choose to ignore critics (Hopkins, 2004). It is during this time that few organizations became socially responsive, thereby giving birth to “corporate social responsiveness”. Increased awareness about the important areas that required actions and performances gave rise to corporate social performance in the 1980s.

According to Zerk (2006) CSR evolved as a result of certain international socio-legal precedents. He traces this to a few visionary employee compensation policies and the exhibition of bold corporate citizenship/corporate philanthropy practices by some organizations. He cites the higher wage package and eight-hour working day implemented by Henry Ford. This was followed by a number of companies defining their responsibility towards various groups of the society. Though isolated, these initiatives prompted organizations to spell out their ethical and social goals. The concept of CSR can be considered to have attained urgency and the required maturity with the advent of large multi-national corporations. Though a number of definitions have been proposed, CSR is considered as a moral and practical obligation of market participants to holistically consider the effect of their actions, so that their behavior is regulated to bring in the outcomes in congruence with societal expectations (Beal & Neesham, 2013). It is a holistic approach that goes beyond compliance and integrates the core business strategy with social and environmental impacts of businesses such that the well-being of all stakeholders are addressed.

In the recent past there has been explosive growth of literature about CSR, Corporate Citizenship and Sustainable Development (SD) (European Commission, 2011; Sulphey & Safeer, 2017). Adequate literature has also been accumulated in the backdrop of Saudi business scenario. (Faridi & Sulphey, 2019; Sulphey & Alkahtani, 2017; Sulphey, 2017; Sulphey, 2019). These literatures have enables us to look into the contributions many by corporate towards societal development, even as they don new competitive roles and responsibilities. Multiple research works have nourished the academic literature with respect to managerial practices, policymaking, regulations and the exercise of social power by and on corporate entities (Wood and Logsdon, 2001).

The European Commission (2001, 2011) has emphasized the need for integrating concerns related to social,

environmental, ethical, human rights and customer concerns in the entire spectrum of business operations of organizations, if they intend to make their CSR a success. Further, in addition to aiming to maximize the creation of shared value, organizations need to include it in their core strategy. There is also a need to create value for host of other stakeholders through “identifying, preventing and mitigating possible adverse impacts”. Recently there is a globally there is a general consensus to the extent that though philanthropic activities form part of CSR, it should envisage a much broader and nobler set of activities that entail various strategic business benefits.

Though CSR is characterized by the voluntary and societal engagements of the businesses and are in no way obliged to consider doing social and environmental responsibility practices; many organizations go beyond financial reporting requirement. This is termed as “Corporate citizenship” (CC) (Fifka, 2013; Matten & Crane, 2005). The domination of CC over CSR and the conceptualization of its importance in society is getting increased attention in management literature (Carroll, 1999; Wood & Logsdon, 2001). To have CC companies have to take into account the total impact on society and environment and not just the impact on economy. It involves the business responsibility and the level to which they meet the legal, ethical, and economic responsibilities. The concept of CC has immense inherent potential to unlock significant benefits to business and society (Carroll & Shabana, 2010). Further, since investors seek companies that are oriented towards social responsibility orientations (Carroll & Shabana, 2010). Adequate evidences exist to show that CC helps improve business performance through improved productivity, economic performance, financial and operational efficiencies through the adoption of effective and innovative practices (Porter & Kramer, 2011). Companies who are good CC implement all applicable regulations.

CC is also found to have the potential to improve the organizational position before the eyes of the stakeholders by virtue of indulging in various schemes that involve companies, and various authorities. Most available business literature shows that experts and administrators prefer CC due to its capability to positively influence all round innovative business performance and operational efficiencies (Post & Berman, 2001).

Organizations are now pacing ahead to be global CCs for driving responsible business practices that are capable of contributing towards sustainability. SD is now a omnipresent philosophy which is subscribed by every with zest and zeal. They are well updated about the “needs of the present without compromising the ability of future generations to meet their own needs” (Roberts, et al, 2002; Sulphey & Safeer, 2017; Sulphey, 2017). Researches have shown that from business perspective SD is good business in itself. Sustainable organizations will earn their local community’s goodwill and this will be reflected in the bottom line of the organization. The role of business in contributing towards SD is an ongoing process (Sulphey, 2016). All businesses continuously make contributions toward attaining SD and strategically flourishing to make a difference across the sectors and industries.

Business enterprises adopt strategies and that could simultaneously take care of the needs of all its stakeholders while sustaining all natural resources required for present and future. In tune with these global trends, majority of business houses in Saudi Arabia, which a member of the Gulf Co-operation Council (GCC), has been exhibiting renewed commitment towards integrating CSR and SD in their corporate strategy. The present study intends to look at this benign aspect with respect to Almarai Ltd. The company established in 1977, is the largest food company in Saudi Arabia (Alamarai Recent Events, 2019). The company exports its products to almost all Gulf Co-operation

Countries and a few other Arab countries. It has received a number of accolades. Prestigious among them is the international ranking in YouGov's Brand Index Rating – three times in a row. This highlights the customer delight in Almarai and its trademarks. This customer confidence has been the upshot of an elongated history of the commitment towards quality by Almarai farms, factories, etc.

Almarai's sustainability policy is second to none. It has played a stupendous role in its yeomen contribution to global sustainability. The company aims to "maximize the shared value created for the business and society, by integrated management of its economic, environmental and social performance" (Almarai Sustainability Report, 2018). It has always strived to execute innovative practices capable of protecting of its stakeholders. It also strives to ensure that the farm animals are healthy, environmental protection and generation of economic value. The sustainability agenda of the company includes building a successful company based in inclusiveness and resilience. Almarai strives to produce higher standards of living and quality of life for the community and stakeholders. The present study explores the growth of Almarai into a CC and its impact on sustainability, and highlights the role of the company's responsibility towards the society, ahead of mere CSR initiatives. It is also intended to examine the extent of CSR integration in corporate policies of the company, and its progress towards CC in the past 10 years.

III. METHODOLOGY

The present work has relied on the secondary data collected from research articles, journals case studies and published annual reports. The study portrays the steady growth of Almarai into a Corporate Citizen in its quest towards sustainability. The study focuses on how Almarai strives to become a corporate citizen through enhancing its stakeholder and corporate engagement towards CSR. Towards this, the performance of Almarai for the past 10 years is analyzed. Since inception Almarai has consciously put in all efforts to enhance the standards of living and quality of life for its stakeholder. Towards this they have not distinguished between the internal and external stakeholders. Even a cursory examination of the efforts put in by Almarai reveal the positive attitude of the company towards corporate citizenship. The study has succeeded in revealing the profound and earnest efforts put by the company towards its glorious journey of becoming a corporate citizen.

IV. DISCUSSION AND ANALYSIS

The 10-year analysis of Almarai's Annual Report and other published data shows that it is progressing in the stage of creating shared value, which is a shift away from CSR that is focused on philanthropy to a process that creates financial and social value at the same time. It is about making a positive change in society through creating innovative products and new markets. CSV unleashes the power of business to do good for the world. The analysis of the stakeholder responsibilities and its impact on company performance have been assessed through the respective value propositions and presented in Table 1.

Almarai's Journey

Almarai has contributed substantially to local and global sustainability. The ten-year analysis of its approach towards its major stakeholders show how it has been able to implement appropriate competitive practices to protect the well-being of all its stakeholders and in the generation of significant economic value.

The period from 2008-2010 exhibited the spirit and responsibility of the Almarai team to meet all economic and market challenges, that drove the business forward. The enhanced acknowledgement of employees' dedication, commitment and hard work resulted in their enhanced engagement through involvement and commitment towards their organization. The fundamental factor of success in the business has been the loyalty of the customers towards the brands and the products of Almarai. This was achieved through market and customer trend management system followed through the adaption of consumer and retail research methodologies and best practices. During this period Almarai's positive contribution to society was exhibited through their engagement in selected community activities through welfare societies and awarding publicly educated students through the scholastic excellence awards.

The period from 2011 to 2013 shows the consistency in its approach towards engaging employees, customers, shareholders and society in activities that help sustaining market leadership and business growth. The focus on employee engagement through involvement and commitment could be enhanced through its purpose and market driven talent retention and development strategies. By strategizing and refining employee's skills and enhancing their leadership competencies through qualitative investment in training earned Almarai the Excellent and Green Classification Award by Saudi Ministry of Labor's nationalization program, Nitaqat in 2013. They exhibited commitment to quality by enhanced satisfaction of the customers as their trust is the driving force to continue to innovate and expand. These strategies boosted the sales and hence return of shareholder's equity also increased in a sustainable manner. Their continued commitment to enriching societal life by investing in communities by engaging in community investment program enhanced their social cohesion towards the culture and management of the environment. The effective investor relations management has helped sustain excellency in the flow of information to and from investors. This has helped Almarai win the Middle-East's Most Improved Investor Relations Award. The journey towards responsible corporate citizenship is seen to have started during this period.

The trend in the emergence of Almarai during 2014-2016 has been worth assessing. Its journey towards a progressive and performance based organizational culture that fosters a supportive and engaging working environment. It depicted stellar financial performance during this period in terms of financial, operating aspects. The company's commitment towards societal advancement and contribution towards sustainable development of the economy has been enhanced through marketplace, workplace, community and environment.

The period from 2015 to 2018 is seen as an efficient period that's advancing in the field of investment in its people and leaders by brining efficiency in HR through structured development plans including automated recruitment and scientific performance management systems. This helped the company to be chosen for Culture of Happiness and Best Culture of Learning at the LinkedIn Talent Awards MENA (2017). This shows the presence of Corporate Volunteering that is demonstrating commitment towards their employees' volunteering in CSR activities. There is the presence of a constant, devoted and genuine employee engagement in CSR activities of Almarai through employee volunteering program. The consumers of Almarai care more about the "goodness" of what the company sells. This a great opportunity to create an emotional attachment to the brand and to involve more people in making a positive impact via attitudinal loyalty, behavioral loyalty and segmentation according to individual social responsibility.

Table 1: Stakeholders' Value Propositions for One Decade

Year	Stake holders'			
	Customer	Employee	Societal	Shareholder
2017-19	<ul style="list-style-type: none"> • Culture of Happiness, • Best Culture of Learning, • Corporate Volunteering, • Employee Engagement 	<ul style="list-style-type: none"> • Corporate and employee volunteering, • Highest EVP • Enhanced culture of happiness and learning 	<ul style="list-style-type: none"> • Ongoing CSR and sustainability program, • Strategical support for "Vision 2030". 	<ul style="list-style-type: none"> • Creating shareholder value for over 40 years through enhanced ROSHF each year.
2014-16	<ul style="list-style-type: none"> • Progressive & performance based organizational culture • Investing in people, • Structured development plans • Investment in leaders 	<ul style="list-style-type: none"> • Investment in leaders – High return on investment • Investment in people • Progressive & performance based organizational culture 	<ul style="list-style-type: none"> • Commitment towards Societal advancement • Contribution towards SD of the economy – Market place, Work place, & Community environment 	<ul style="list-style-type: none"> • Stellar financial performance • Enhanced ROSHF • Diversified capital expenditure • Sustainability of growth: Financial, Environmental and Social
2011-13	<ul style="list-style-type: none"> • Talent retention • Development strategy for sustaining markets • Leadership • Business growth 	<ul style="list-style-type: none"> • Upgrading of organizational structure • Refining employee skills • Talent retention 	<ul style="list-style-type: none"> • Commitment to enriching societal life • Journey towards Corporate citizenship 	<ul style="list-style-type: none"> • Enhanced ROSHF • Portfolio diversification • Geographical expansion, • Vertical integration
2008-10	<ul style="list-style-type: none"> • Market & consumer trend management, • Consumer loyalty 	<ul style="list-style-type: none"> • Visible dedication and responsibility towards all economic & market challenges to drive business forward. 		<ul style="list-style-type: none"> • Return on shareholder funds

Note: **ROSHF** – Return on shareholder fund **EVP** – Employee Volunteering program

For 40 years, Almarai has shown consistent delivery of strong returns to shareholders and are committed to Creating Shareholder Value. By communicating the company's values and CSR to all stakeholders and particularly to shareholders, their activism is seen as an opportunity by the company. The social responsibility and sustainability programmes are designed to support "Vision 2030" that connects all levels of society and the environment, from helping children in need to reducing our environmental footprint.

The journey of Almarai from a local brand to an internationally renowned brand has helped the company to be ranked (number 6) by Forbes as world's best regarded companies for the year 2019. In the MENA region the company is ranked the number one FMCG brand. Further, it is also the market leader in the GCC (Forbes List, 2019).

V. SUGGESTIONS

The ten-year analysis of the Annual Reports of Almarai focusing on the employees, customers, shareholders and

the society reveals its transition into a company of success today and the enhanced value propositions it has been able to achieve with respect to its stakeholders. The following suggestions have been drafted out of the inferences derived from the findings related to the secondary data consolidation.

- 1) Almarai can get the participation of its customers in external company activities through “Consumer engagement in CSR”. This needs to be strategically planned by:
 - Consumer-based philanthropy
 - Consumer-based volunteering
 - Mindful and sustainable consumption
- 2) Prioritising CSR initiatives of Almarai that involve customer experiences and target CSR communications to customer segments.
- 3) Involving shareholders in socially responsible investment (SRI) through strategies that seeks to consider both financial return and social and environmental benefits. This will encourage corporate practices in the organisation that promote environmental stewardship, consumer protection, human rights, and diversity.
- 4) The CSR vision can be aligned to the organizational vision, values and norms, and thereby create shared value (CSV) by communicating and involving all the major stakeholders in a holistic manner.
- 5) Incorporating organizational change strategy by focusing on the concept of Appreciative Inquiry.
- 6) Incorporating the Strategic CSR elements in the long-term strategic plan of Almarai by having policies and procedures in place, which integrate social, environmental, ethical, human rights into business operations and core strategy – all in close collaboration with stakeholders thereby contributing towards improving the world.
- 7) Institutionalization of Strategic CSR in its strategic objective by taking the lead to use every channel of communication to share the vision and strategies to the stakeholders.

VI. CONCLUSION

Corporate citizenship is a tool that organizations can utilize to address this challenge of corporate global sustainability. Almarai is mindful of the fact that sustainability is a path and not merely a goal. Given the fierce competition for talents the urge towards corporate citizenship, the company has been involved in a host of corporate citizenship activities that are second to none. (Bhattacharya, et al, 2008).

- Strategic CSR requires companies to involve major stakeholders in their CSR and there are benefits for doing so.
- Employee involvement in CSR is a fast growing trend, as it can create a great social impact, engage employees, increase performance and help the community. This can be done via employee-led CSR, corporate volunteering and payroll giving.
- Consumers may also have high levels of consumer social responsibility and involving consumers in the company’s CSR efforts can help achieve a great social impact while also create attachment to the brand.
- Investors care more than ever before about the sustainability and responsibility of the companies in which they invest. As such, we see the rise of socially responsible investment.

The present work provides a bird’s eye view of the quest of Almarai towards corporate citizenship. Corporate

excellence is only a path and not the ultimate destination. It is something that needs to be pursued relentlessly. It is expected that the present work will stimulate researchers to look deeper look at this topic and bring out better works in this regard.

FUNDING DISCLOSURE/ACKNOWLEDGEMENT

This research was funded by the Deanship of Scientific research at Princess Nourah bint Abdulrahman University through the Fast-Track Research Funding program.

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