

Corporate Social Responsibility and Organizational Initiatives – Case of Developing Countries

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Abstract

The present study presents a multilevel literature review about CSR in the context of the developing countries, highlighting multiple distinctive aspects of CSR. The study initially provided a theoretical framework, following an empirical analysis. The literature analyzed the CSR activities and programs in the general context of the developing countries, while later concentrating it on a specific country, Saudi Arabia. The findings have provided an overview of CSR and its potential benefits. Various CSR-related considerations were identified encompassing strengths of the consumer trust, corporate reputation, and development of the legitimacy sense with the stakeholders. The findings imply towards adopting tri-sector partnerships in CSR involving Saudi government, private sector, and society, for substantial development. However, it can be concluded that the success of CSR in the developing economies depends largely upon socio-political and historical factors, which stands-out as the primary challenge.

Keywords: Motivations, Challenges, Brand, Developing Countries, Customer Loyalty.

I. Introduction

Corporate social responsibility (CSR) has substantially proliferated in the business landscape (Pisani et al., 2017). The concept of the corporate policies, actions, and programs was introduced in 1950 that expand beyond the firm's economic interest with a positive impact on the stakeholders. There is increase in the number of CSR initiatives introduced on a global scale. This resulted in significant attention of the researches about CSR's various aspects (Gond, Akreimi, Sawen, and Babu, 2017) considered as a primary component of its strategy.

The perpetuated number of the corporate scandals combined with the societal concern on the practices of the firm instigates the interest of the researches in CSR programs and initiatives. It embraces the perception that corporations are socially responsible to the community and business practices at the same time. Corporations fostering the practice of CSR believe that their accomplishments can be catalysts to acquire consumer loyalty both visually and behavior. This strategy has been effective in a variety of businesses to establish a firm relationship and

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loyalty with their customers. For instance, banks use their CSR programs to generate stronger relationships with their customers (McDonald and Hung Lai, 2011).

Several studies have endorsed the impact of CSR on the financial performance, institutional investment, consumer loyalty, and its reputation at a global scale (Deng and Xu, 2017; Park, Kim, and Kwon, 2017). Along with it, effective CSR can produce an impression of strong moral values to the customers to increase customer loyalty and satisfaction (Green and Pelozo, 2011). Variety of strategies that corporations can deploy to “advertise” their CSR campaigns to improve their appeal to existing customers and new customers can be used to focus on customer’s morality and their position in society (Farache and Perks, 2010).

A massive change concerning the CSR activities is being observed across the world that reflects the rise of the employee-centric and sustainable practices (Rupp et al. 2014). The PwC Global CEO survey in 2016 revealed that about 64% of CEOs are heavily investing in their CSR activities for catalyzing their firm’s economic performance and social stance. Correspondingly, CSR as a research subject has tremendously improved, where marked jump can be observed in empirical research concerning the CSR psychology (Ones and Dilchert 2012), promoting the need to highlight the activities, and associated aspects in the current review. McDonald and Hung Lai (2011) asserted that the corporation’s visibility could be changed for the better if their CSR is more positive and gives their customer more reason to buy from them. However, Cherian et al. (2019) reported opposing practices of the firms concerning the practices of CSR activities based on its compromise on the firm’s profitability.

Moreover, the analysis in the context of the developing country has remained low, despite the increased research on CSR activities. Therefore, the present study aims to identify the CSR antecedent factors, and its various dimensions associated with the firm’s financial performance, reputation, and employee stance. In a nutshell, the explored literature in the study contributes by assessing various CSR dimensions and explaining how they impact work practices and employee behavior in the developing as well as developed countries. The main aim of the study is to evaluate the benefits, motivators, and practices of CSR in developing countries.

II. Theoretical Framework of Corporate Social Responsibility (CSR)

Various comparative frameworks for CSR have been introduced in recent years, indicating the significance and shaping CSR of the expressions (Jamali and Karam, 2018). Initially, the approach to the theoretical framework of CSR started in the Western countries, i.e., USA and Europe. According to Kilkenny (2014), CSR emerged to resolve the concerns based on the excessive autonomy of the business and their power in society. Firms could have negative surge impacts on societies through their activities, without proper responsibility. The adverse business practices can cause detrimental effects on environmental degradation, exploitation of labor, economic abuse and unfair competition. Therefore, to reduce the imminent drawbacks for the businesses, entrepreneurs started to engage in social activities with the aim to provide benefits to the community, outside the scope of the companies’ business environment in an effort for moral obligation. The distinction of CSR in the closer and wider perspective is set to the source, where maintaining bottom-line sustainability and supporting sustainable society development is the primary focus (McWilliams and Siegel, 2011).

Jonker and Tewes (2011) put forth their argument citing that profit maximization and company growth are no longer accepted by society to be the exclusive purpose and legitimation of a company. The legitimacy theory on Corporate Social Responsibility is based on the idea that community support is essential for the survival, growth, and image of organizations. There is a difference between corporate actions and societal expectations, management should employ media disclosure in the form of annual reports to reassure community concerns. This, in turn, shows that the corporation is adhering community and societal expectations.

Legitimacy theory is more noticeable and exposed to public scrutiny. Companies could be subject to political pressures to act in a more socially transparent manner. This especially becomes of great importance to those companies with higher visibility and bearing more concerns in emulating to improve its corporate image. Increased scrutiny could be placed on those organizations with credentials of potentially impacting environmental. Thus, legitimacy theory is more appropriate for this paper; although, there are many approaches to the conceptual framework of CSR. This practice also promotes its positive image across various stakeholders, i.e., employees, creditors, suppliers, distributors, customers and more.

III. Materials and Methods

The study has employed secondary research method by conducting review and analysis of various journals, articles, and papers on CSR. Electronic search strategy was adopted, where Google Scholar was used for primary literature search in the 15 years (2003-2018). For the literature survey, the study used the following keywords sequence; TITLE: (CSR* or Organizational benefit*) AND TITLE: (CSR * or employee benefits * or organizational CSR activities * or Developing countries CSR activities* or developed countries CSR activities). Specific literature was selected as per the set inclusion criteria, which include journals, research paper, and original research and review articles. However, the study excluded the studies, which fall in the category of case reports, essays, blogs, and old articles.

The analysis of the searches studies was carried out in two ways. Initially, the reviewed articles were divided into two sections; theoretical framework and empirical analysis. In the theoretical framework, the nature of the financial performance and social concerns were elucidated. Whereas, empirical analysis was conducted to assess the framework and establish a strong base to assist the companies in sustaining its improved economic performance and societal stance. This research does not include any key informant interviews neither does it specifically take into account action research to conclude. The conclusion drawn is rather generic with an example of a developing country. These findings intend to provide the reader with an overview of CSR and its potential benefits.

IV. Review Analysis

Corporate social responsibilities are perceived as a form of management strategy in the contemporary business world, where the focus is on the adaptation of positive business practices (Asemah, Edegoh, and Anatsui, 2013). Asemah, Okpanachi, and Edegoh (2013) argued that the creation of a positive environment helps the firm to

earn stakeholder's goodwill, which is reciprocated in the financial performance of the organization as well as in other areas. The government of the middle- and low-income countries are provided with real opportunities to grow and proliferate at a global scale through CSR activities. Chang et al. (2017) perceived CRS as a stimulator of a significant competitive edge in high developed and developing countries. CSR originated in late 1800s, when corporations started paying back to the community and employees. At the emergence of CSR, there were more philanthropic gestures prevalent that focused on charitable contributions (Carroll, 2008). It was also used in past whenever companies supported a charity they did by "giving away stockholder's assets without their approval."

Finding the right definition for CSR can be found in literature published as long ago as 1953 when R. Bowen published a book on his research in 1953 entitled "Social Responsibilities of the Business." R. Bowen in his book described that "CSR refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (Carroll, 2008). Accordingly, there is an order to organizational CSR that calls for four responsibilities in CSR like; economic, legal, ethical, and philanthropic.

CSR in Developing Countries

On the theoretical level, the literature domain on CSR in developing countries is growing. In the comprehensive review of 452 CSR articles in developing countries from 1990 till 2015, Jamali and Karam (2016) found that 93% of the reviewed articles were published in the period between 2005 and 2015. This indicates the emergence of CSR as a domain of study in developing countries. The literature on CSR in developing countries exhibited high variation and identified five main distinguishable aspects. CSR in developing countries was characterized most distinctive at the institutional level of analysis, given the specific and complex characteristics of the institutional environment in many developing countries. The unstable or failing government systems, ineffective regulatory frameworks, high levels of corruption and underdeveloped governance structures contributed towards institutional voids. Similarly, Jamali and Karam (2018) demonstrated that regulatory functions need to be strong for promoting string CSR activities.

The past attempts have helped to examine CSR practices across the Western states; although, the dearth of researches is observed in the Eastern states particularly in the Middle East (Khan, Al-Maimani, and Al-Yafi, 2013). Earlier researches have indicated that a disconnection prevails between the CSR practices and the firm's strategic intent (Carroll, 2008). Khan, Al-Maimani and Al-Yafi (2013) highlighted eight Lebanese firms and their adopted CSR practices and philosophies. It showed that companies ground their CSR activities on the philanthropic platforms. It revealed that among the eight firms, most of the approaches were amateurish and sketchy, which failed integration of clear targets, sturdy metrics as well as diligent strives towards meeting CSR initiatives. Similarly, Cherian and Pech (2017) highlighted the UAE firm's perceptions stating that this business community holds strong commitment to CSR activities though it also views them as a source of adverse effect on its financial performance. Delmas, Etzion and Nairn-Birch (2013) pointed out that these firms face the challenge in executing the CSR activities due to "information overload, commensurability, and confusion" with the constant globalized connectivity.

Krumwiede et al. (2012) overviewed the CSR related activities among firms in the US, Canada, Italy, Hungary, Taiwan, and Lebanon showing that the quality of the management efforts for CSR is weak. Whereas, maximization ability of the CSR on the firms in Jordan has been demonstrated in the Dabbas and Al-Rawashdeh (2012) study. An earlier study of Mandurah, Khatib and Al-Sabaan (2012) argued that the dynamics of the CSR activities in the Middle Eastern countries is changing as the employees are stressed for volunteering their time for social causes as a part of their CSR programs. Supporting the statement, Blowfield and Murray (2015) argued that perception of the developing firms is on the resurgence, distinctive from traditional perspective of CSR is viewed as a societal modification.

Jamali and Karam (2016) asserted that institutional voids represent a typical regulation indicating lack of competent institutions on enforcing regulations and norms. In the presence of a weak regulatory environment, the inherent societal concerns into corporate strategy and operations became very unlikely (Delmas, Etzion, and Nairn-Birch, 2013). Hence, the proper application of CSR in developing countries became highly questionable (Jamali and Karam, 2018).

The second important differentiator of the CSR literature in developing countries represented the complex effects of other macro-level factors that extend beyond the business-operating environment, including geopolitical factors and globalization (Zeng, 2016). A critical review of the literature highlighted the existing tensions between corporate attempts to adopt best practices of CSR due to their pursuits for international standards and expansion; and the complications and burdens placed on corporations by past geopolitical factors. Thirdly, there are certain complexities of governance systems in developing countries (Giuliani, 2016). The institutional voids of formal and informal governance systems amplified the space for the agency by multiple actors, who can strategically pursue their interests by taking advantage of encountered voids. In the presence of weak governmental influence, other actors, including political elites and local and multinational firms may intervene and assume active roles of governance (Jamali and Karam, 2016). Local companies took advantage of informal networks to reduce formal governance control while continuing to pursue philanthropic contributions (Jamali and Karam, 2016). Having ineffective corporate governance mechanisms lead to more agency problems (Jo and Harjoto, 2011) that can have prominent implications on CSR application. Accordingly, the dynamics of governance in developing countries and its CSR implications could be comprehended more if the various non-traditional actors and the roles they played were identified within this specific institutional environment (Jamali and Karam, 2016).

The fourth aspect deals with the varied forms of CSR expressions across developing countries. It can be said that different forms of CSR are shaped depending on the varying effects of multiple socio-political and historical factors. Consequently, global forms of CSR were explicitly imitated to serve specific purposes. The various expressions of CSR in developing countries could be better understood if the countervailing effects of the complex institutional environment and the existence of multiple governance actors are taken into account (Jamali and Karam, 2016). The final aspect is related to CSR consequences in developing countries as highlighted by previous studies (Karam and Jamali, 2013; Kolk and Lenfant, 2013). A wide scope of outcomes was depicted which varied between financial and social effects as well as positive and negative considerations regarding individuals and the society at large (Jamali and Karam, 2016). Those aspects highlighted the unique settings of developing countries

and their contribution towards distinguishable research in the CSR field within developing countries and worldwide. Malaysian Stock Exchange (Bursa Malaysia) are keen to keep close tabs on organizations and CSR by monitoring performance in their locale (Lim, 2011). This approach presents evidence that it is becoming more important for corporations to have CSR and to demonstrate its effectiveness.

Integrating Branding with CSR

Branding is the epitome to any company envisioning winning the hearts of their customers and earning loyalty for their products and services. Strategies that muster brand value is the ultimate goal of any organization. Pelozo and Shang (2011) reported a strong intrinsic association between CSR, customer-brand fit and brand loyalty. A positive scope for the brands to motivate the potential customer to buy their products or services is created, when the customers hold an optimistic view of the brand. Wu et al. (2011) concluded that 52% of those studied would support a brand which supported good causes rather than those which did not. Even when there is a financial recession, 55% of those who support brands that do-good deeds will purchase them even if their price is higher. The company usually has a longer life and better brand image, when a business develops a strong CSR program and demonstrates its ability to spread goodwill. There will be a reduction in the organization's liabilities and insurance expenditures as well. There is a clear link between CSR, the overall performance, and the power of brands (Ahearne, Bhattacharya and Gruen, 2010). It has been observed that many consumers formulate their final brand choice by the brand's responsibilities towards social development and commitments towards environmental protection (Berné-Manero et al. 2017). CSR led social development, and positive transformation always supports the corporate brand to have a positive image (Berné-Manero et al., 2017; Bhattacharya and Kaursar, 2016).

Subramaniam and Karthikeyan, (2017) highlighted CSR and stated that it lays the grounds for customers to perceive that business is not just about financial performance; it is also about how the organization treats its constituents. Researchers have established that CSR acts as a big push for the business corporations building up a social reputation and ethical identity (Connor, 2013). Yin and Jamali (2016) declared that the CSR activities and programs are no longer confined to the moral or "social" accountability for common wellbeing but have expanded as a strategic resource for driving large firms' financial performance, brand, reputation, and customer relationships. Cumulatively, Charoen et al. (2017) exemplify the positive relation between firm branding and CSR activities. It elucidates the example of software giant Microsoft. Here, the CSR investment accounts to \$75 million in an effort to expand the education avenues, under Youth Spark Hub program, while also funding \$2 million for non-profit organizations daily, in the name of product funding. These practices assist in sustaining and amplifying their brand value.

Similarly, Connor (2013) indicates Walt Disney CSR strategies, by highlighting its CFO Jay Rasulo's statement, who said, "If Disney fails to act in correspondence to its stories, it will lose its content authenticity. We cannot neglect the world and disregard it while continuing to entertain family, asserting these actions as its brand core". Thus, notable environmental stewardship has positioned Disney as an admired company, which strategically protects the environment for smartly using the resources as well as protecting the planet. The mentioned CSR initiatives carried out by the diverse brands producing a good amount of emotional influence on the prospective

buyer communities (Berné-Manero et al. 2016; Bhattacharya and Kaursar 2016), which directs towards the higher level of consumer engagement. This consumer engagement benefits the brands to accumulate positive consumer connections (Kim et al. 2015).

Organizations integrate CSR as one of their strategic tools that provide in accumulating competitive advantage as indicated by Smith (2007). Across the globe, big brands are trying to incorporate CSR as the indispensable part of their overall corporate strategy to connect more in-depth with the society at large to be more successful as the ethical, committed and trustworthy brand (Villagra and Lopez, 2016). Many scholars agree that CSR increases competitive advantages, retains talent and builds reputation and trust among the communities, and mainly employees. Business corporates seem to have understood the impact of CSR pursuits. They have realized that the successes in the CSR programs lead to the strengthening of their brand image (Cha, Yi, and Bagozzi, 2016). This, in turn, provides them with the increased loyal customer base and positive connections. The society becomes aware of those companies who have taken a stride to improve the environment of their surrounding through CSR initiatives, and thereby public become ready to support them by deciding to buy their brand of products and services. CSR is also treated as a strategic instrument that provides a competitive advantage to the companies.

Benefits of Brand Equity Combined with CSR

Combining CSR and branding strategies can create increased worth for companies and customers (Subramaniam and Karthikeyan, 2017). Villagra and Lopez (2016) declared that repeated consumer purchasing options for certain brands were linked to customer loyalty. Loyal customers can also become spokespersons for certain brands to others looking for like products and services (Inoue, Funk, and McDonald, 2017). According to Kotler's and Armstrong's work, there are three "behavioral loyalties," such as the hardcore (those who only buy one particular brand), the soft-core (those who buy only a couple of brands) and the switchers (those with no loyalty). Kotler and Armstrong's (2008) further believed that CSR hard work could change these behavioral loyalties.

Mark-Herbert, Rotter, Pakseresht (2010) indicated change in the paradigm that promotes linking component of business success to customer loyalty. Pérez and Del Bosque (2017) concurred and indicated that there is a direct connection between loyalty and brand equity. This means that there is a connection between CSR that creates better brand equity and consumer loyalty. Previous research by Green and Pelozo (2011) found that CSR programs instigate customers to support these companies. Consequently, the increased relationship leads organizations to benefit from the better value exchange reciprocally with customers.

An earlier study by Mark-Herbert, Rotter, Pakseresht (2010) reflected that the consumers as considered a strong corporate brand. The customers can easily access the web sites indicating the adequate company practices including CSR advantages, improving the firm's competitive edge with the internet and social media platforms (Walda, Schwarz, and Gajewski, 2017). Balsara (2009) claimed that brand strategies are developed for CSR to maximize customer loyalty. These strategies can help social community efforts as well as drive the brand strategy. Customers who identify for the cause create a more intimate relationship with the brand, which increases their loyalty.

In the developing countries, there has been some confusion in the overall understanding with regards to the difference between CSR and phrases like “Corporate Philanthropy” and “Corporate”. Some see companies using CSR to promote the company rather than having true CSR. According to Porter and Kramer (2011), companies are using outdated methodologies that are not CSR and fails to create real value. The conventional investors have a stronger opinion of CSR and look closely when valuing companies that affirm that they have it, when actually do not have (Cahan, 2016). Financial issues will be more closely scrutinized when evaluating enterprises with CSR. Incorporating Islamic teachings into CSR is very easy to do because there are similarities. In Islam, people are encouraged to give part of their earnings to disadvantaged people. In the UAE and other Muslim countries ‘Zakat’ is given silently, as per the custom (Qasim et al. 2011). Bouten (2011) believes that CSR increases competitive advantages, retains talent and builds reputation and trust among the communities, and mainly employees. In another study by Hemphill (2004) developed four elements of CSR constituting of profit maximization (economic), the obligation to the law (legal), ethical behaviors (ethics) and good interactions with stakeholders (philanthropic).

CSR Motivators

There are motivations for companies to embrace CSR. Holder-Webb et al. (2009) described CSR for signifying the legitimacy of a company and endow competitive advantage for the company. This is in line with how the World Bank views businesses towards improving their relationships with staff, their own families, the community and their positive impact that can generate better business and image (World Bank, 2002). Barnett (2007) described CSR as ‘a discretionary allocation of corporate resources towards improving social welfare that serves as a means of enhancing relationships with key stakeholders.

For any business and especially in current markets, loyal customers are intrinsic to success. Any successful company needs to do whatever they can to win the loyalty of customers and keep them loyal. CSR is a powerful ally for any organization that can define brands, create strong feelings about the company and generates continual, and growing allegiance. Liu and Zhou (2009) believe that the concept of loyalty is just beginning to be explored. Having or not having a CSR program may or may not create loyal customers. There is value in having loyal customers and competitors are also looking to increase loyalty. CSR can be a game changer and build strong loyalty and a better image for a company.

CSR has been growing over the years and is getting more important. Long ago in the industrial revolution machine began to take over the jobs of employees in factories. These changes from employees to machines help to create more and richer people. The difference between the working people and the owners became even wider (Mark-Herbert, Rotter, and Pakseresht, 2010). This created a need for there to be fairer dealing with the rich. Thus, the call for CSR to help the growing gap.

The increasing number of companies are motivated to initiate CSR programs because the results are outstanding. The trend for organizations to install CSR programs is going on since the last 20 years. It has become essential to global businesses (Brown and Dacin, 1997; Porter and Kramer, 2011). In terms of their image, companies want to ensure they have the right CSR programs to continue customer loyalty and financial benefits (Raman, Lim, and Nair, 2012). The enterprise must make sure that the public is on the same team as they are

creating the right result for both. This includes an obligation and motivation for the organization to continue CSR over time, contribute to society, and help both sides (Raman, Lim, and Nair, 2012). Russo and Perrini (2009) came up with three major factors that motivated organizations to implement CSR, i.e., to increase consumer trust, to develop a strong reputation (branding), and to develop a sense of legitimacy with stakeholders. There are other opinions on what motivates companies to pursue on CSR. De Prins et al. (2009) believe that risk and damage control, reputation management, ethical reputation and leadership, and positive core values are the main stimulus for company to incorporate CSR in their organizations.

There are benefits to corporations of having CSR programs and how a customer, staff, and stakeholders are pleased with it, especially due to financial motivations (Raman, Lim, and Nair, (2012). Sarkis and Daou (2013) believed that there are three major reasons companies have CSR. Such as “they either feel obliged to do it; are made to do it, or they want to do it.” Sometimes this produces pressure for companies that do not have CSR to begin a program due to difficulty from customers and the public (Mohr et al., 2001). According to Mohr et al. (2001), organizations lacking CSR become motivated to use it due to the associated rewards such as rewards for the firm itself, for the firm but partly for others, mostly for others but partly for the firm, and solely for others. The presence of motivation revealed that only 7% did it for philanthropic reasons and 29% for their reasons. According to Yoon et al. (2006), CSR is only value added when customers believe in the program and are part of the process.

Research and polling the market cannot validate the success of CSR with customers Bhattacharya and Sen’s (2004). This is particularly when CSR influences customer purchases. All customers do not respond in the same way to CSR. There has been other research that contends “despite increasing research efforts investigating the effects of CSR on consumers’ attitudes, extensive research does not explain why consumers respond differently to companies that operate in the same industry and support similar CSR activities” (Yoon et al., 2006).

Bird, Hall, Momentè, and Reggiani (2007) found that CSR does improve the value of the company due to better relations with customers. There are many different methods to create CSR that is effective in improving customer loyalty, bigger purchase plans, the higher value for the company, and less risk (Peloza and Shang, 2011). Another by-product of CSR is positive word of mouth, which is beneficial for increased profitability. The strategies to achieve better business models for CSR have clear opportunities including as “better alignment of corporate goals with those of society, an enhanced reputation, and reduction of risk and its associated costs” (Peloza and Shang, 2011).

CSR at Forefront in Saudi Arabia

The popularity of CSR is growing no less than in Saudi Arabia as much in the rest of the developed world. Although traditionally it considered CSR as a philanthropic practice, most businesses now acknowledge rightfully of its meanings and values to its core (Aldosari and Atkins, 2015). CSR’s best indicator in Saudi Arabia was a July event in 2008 where corporation between a governmental organization and a Saudi semi-private organization was established. Other indicators such as of international non-governmental business introduced Saudi Arabian Responsible Competitiveness Index (SARCI) in January 2009 and the institution of the King Khalid Award for Responsible Competitiveness to promote firms’ performance. CSR is not entirely new to Saudi Arabia; although, its

culture and religion emphasize the doing of social good although this is mainly done through philanthropy. In 2014, Dr. Haifa Jamal Al-Lail, President of Effat University, stated, “Corporate Social Responsibility (CSR) has become increasingly important in recent years (Muhammad and Shah, 2015). Demonstrating responsible business practices to customers, employees and other key stakeholders are now a priority, and the demand for such organizations to achieve this is higher than ever. The global movement of employees has both environmental and social impacts, but despite the increased corporate focus on CSR, employee mobility departments are not addressing these issues.”

Saudi Arabia is one of the world’s rapidly rising economies. In the early phases, there was no official articulation of CSR in the Kingdom. Rather there was a general emphasis by both the government and religious authorities on doing well and preserving the environment. Furthermore, initial plans of the Kingdom emphasized on the gross domestic product (GDP) and its growth along with the development of the human resources and becoming less reliant on the non-oil sector. Alharthey (2016) showed that there an increasing focus on local and international companies in Saudi Arabia to invest CSR budget in projects related to education and development. However, the projects of CSR are required to some extent promote religious and cultural values more than other aspects in the environment, due to strict religious laws and cultural values. Gravem (2010) asserts the fact that companies are eager to show customers, stakeholders and the society of their efforts to adhering to responsible business practices. Consequently, anticipating a further strengthening of their corporate reputations.

CSR is likely to create a long-term social and environmental impact. For any CSR program to succeed, it must have a continuous positive impact on the community, and for that to happen, CSR has to be engrained in the corporate culture, as it is at Zahid Group. The effectiveness of our CSR programs is directly correlated to the bottom line.

Given this, the country has instigated its effort for diversifying the economy and strengthening its position in the global market. It is done through increased private-sector participation, and gauging the skill set of its citizens, ensuring their participation in the global economic opportunities (Ali and Al-Alli, 2012; Vision 2030, 2019). These objectives are found parallel to the core of CSR which contribute towards social and economic development in the region. Generally, the firm’s effort in the region is centered on the philanthropic ground which usually is short term in nature and is generally motivated through religious views (Ali and Al-Ali, 2012). The Kingdom’s evolutionary progress can be constituted into three major stages that have culminated to the CSR adoption to meet the developmental goals. In the first stage, the focus is centered on environmental, philanthropic and charitable activities. Following it, the second stage broadens the CSR initiatives encompass efforts for improving productivity and competitiveness, and employment opportunities in the private sector. The third stage includes a comprehensive understanding of the CSR as not only an economic necessity but also a political priority essential to social cohesion and the Kingdom’s leadership stance in the region.

The enterprise had taken a stride to indulge towards the notion of what is today CSR. Saudi Aramco adopted the first explicit environmental-protection policy, along with charitable goals since 1963. Likewise, in 2000, Saudi Arabian General Investment Authority (SAGIA) was institutionalized for a pivotal role of partnerships between business and government agencies, especially on matters related to sustainability (Khan, Al-Maimani and

Al-Yafi, 2013). One of SAGIA's major responsibilities is to supervise the establishment of economic cities around the Kingdom.

Sidani and Al Ariss (2014) asserted that emergence of the Arab Spring in 2010-11 constituted a turning point in the evolution of CSR in the Kingdom, bringing it to the political forefront which verifies the essence of the third stage above. Thus, CSR in the Kingdom has evolved distinctively, from the traditional Western model in the first two stages to a new perspective that links economic rationale to political logic. The Kingdom faces many challenges ahead before streamlining the functioning of CSR to its full potential, such as low skilled labor (Ebnmhana, 2018). Research shows evidence that the country is heading in the right direction. A Tamkeen Consultancy research report released in 2009 titled "The Evolution of CSR in Saudi Arabia" concluded that CSR is gaining a lot of momentum, as there are a growing number of companies adopting "CSR" in the Kingdom (El-Tawy and Theodosopoulos, 2019). However, the overall impact of the phenomenon was very superficial as the spread of "CSR" showed to be in width and not in depth. The study emphasized the need to link the CSR strategy setting with the national development priorities outlined in the Eighth Development Plan (1425/26 – 1429/30 AH 2005 – 2009 AD) issued by the Ministry of Economy and Planning.

The study examined the growth of CSR as well as its impact on four different levels: whether CSR programs are aligned with national priorities, the internal business drivers, external business drivers, and the absence of assessment tools, which all leads to a less impactful CSR agenda. It can be observed from the findings that human capital is on the prime agenda of the CSR programs, which catalysis the Saudi Arabia competitiveness and national development. Ebnmhana (2018) has recognized this as a part of its national development plan (Vision 2030), where the partnership of the government with the private organization as well as the development of the citizen is the prime strategy emphasizing for introducing human development programs. Forming an association of the CSR activities with human capital development, the Saudi government can strategically improve the CSR practices and its implementation in the region.

V. Discussion

The value of CSR is helpful in raising awareness about the potential surge of autonomy and power of businesses upon society. CSR philosophy guides corporations to ethically engage in activities other than their core business ideology. Corporations are widely expected to contribute in the following major areas; environment, society/community, and the nation. The understanding of CSR enforces that corporations are not only accountable to its key business stakeholders but must also be to the society at large. Every business decisions and actions should keep a balance between them. It should ensure effective CSR that motivate an increased commitment and trigger improved quality life of employees, their families, local community and the entire society.

CSR is gaining momentum of importance and applications in the developing economies and the rest in the world; although, the concept of CSR started from the USA and EU. The implementation of CSR in those economy has not been a smooth adoption process within corporates. There exists to be of complexities intertwined between the governance systems and the perceptions of CSR by the organizations. The prevalence of so-called institutional

voids impedes the progress on CSR initiatives. The public limited companies strive to present an image of the best practitioner of CSR while other private enterprises attempted to showcase their CSR evidence rather inclining towards more of philanthropic works. There is a clear existence of confusion in the overall understanding of CSR against philanthropy works and donations in such economies. Organizations need to overcome such obstacles and motivate themselves prior to reaping benefits from the CSR initiatives. Benefits such as an increase in corporate image and reputation, customer loyalty, enhanced relationships with key stakeholders, competitive advantage and economic gains. Thus, the value of CSR is paramount to the business world.

Saudi Arabia, as the world's rapidly rising economy, is doing all its best ensuring no stones unturned at the forefront of CSR. It emphasizes the environment, productivity, competitiveness, employability and political priorities as the platforms for CSR's embarkation by both the governmental and private sectors institutions. To set the roadmap guide, the Kingdom has taken numerous steps by establishing government agencies to act as a proponent between the government and private sector initiatives to ensure the success of CSR outcomes. There has been a significant clarity in the understanding of CSR. Many obstacles need to overcome in developing countries; while, they aim for success of making CSR program. The literature reviews highlighted the inherent complexities that existed with the developing countries. Maybe, this is because each entity inherits unique characteristics of socio-geo-political factors that which may not be possible to consider a universal approach for application. There must be in store much more benefits to the organizations than what so far, they have achieved and relished. Building brand reputation and customer loyalty are the key areas of interest to the organizations that indicate the success of CSR.

The review highlights contribute by supplying evidence on the changing attitudes as well as an understanding of the CSR activities. It highlights that though approaches of CSR are changing, most of the developing countries, including Saudi Arabia, are still grounded on the philanthropic paradigm, fail to form a long-term strategic vision and are generally driven by the religious views and public relations practices. Though, it also highlights that this is gradually changing where a fundamental understanding of the CSR activities is rising where integration of the mutual benefit for the society and business is focused.

The research results are found consistent with previous study findings endorsing the benefits CSR for firms and society itself. Such as Hategan and Curea-Pitorac (2017) argued that CSR activities improve the internal affairs of the company (employee diversity, firm relationship with its employees), which stimulates the firm value among the employees, improving their commitment. Kiessling, Isaksson and Yasar (2016) affirmed that the higher ranking of CSR improves the economic implications for the company in the form of enhanced market value. Reflecting upon these findings, the study recommends the firms, particularly in developing companies to increase their investment in the CSR activities. Along with it, it also stresses the firms to enhance their initiatives for improving benefits for its workforce which result in escalated productivity and better performance. These benefits instill emotional bonding of the employees with the firm, which is likely to produce higher productivity and performance, given its mitigation of employee absenteeism and turnover. Companies can recruit industry talent through improved CSR image. Another implication highlighted in the literature leads towards the primary involvement of the practitioners in terms of CSR communication. This involves instilling communication and forming an association with the government, civil

society, and business allies which not only improve the company stance in the market but also helps in recognizing potentially new CSR initiatives.

VI. Conclusion

CSR managers need to examine the effect on macro-level variables such as government type and its stability, and support towards CSR activities. They should integrate it into their organizational strategy, mission, and operations for improving the CSR outcomes. Investigating societal moderators encompassing religion, conventional practices and traditions, and moral culture can also help direct the CSR initiatives in the right direction. It is substantial as, without an understanding of the local and ethical norms adopted by its cross-cultural alliance partners, suppliers, distributors, customers, financiers, and foreign administration agencies, it can instigate strategies which causes public relations disasters. Therefore, sustaining transparent and communicative efforts can help promote the company image as trustworthy, which simultaneously drives up the CSR standards of other firms. In the context of CSR policies, the study advises the companies to constantly review and update it to escalate their growth prospects, brand reputation, and contribution to the public good.

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