Corporate Social Responsibility in Small and Medium-Sized Enterprises (SMEs): A Saudi Arabian Perspective

A thesis submitted for the degree of Doctor of Philosophy

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Abstract

While the interest in Corporate Social Responsibility (CSR) is rising globally, it is frequently portrayed as a 'luxury good' that only large companies can afford. However, an emerging stream of literature is recognising the positive affinities between Small and Medium Enterprises (SMEs) and CSR, and the potential advantages that SMEs can gain by engaging in CSR practices. This new approach is mainly limited to studying SMEs operating in developed countries. Moreover, while there is a growing trend in CSR research in developing countries, there is still limited attention to CSR in the economically significant region of the Middle East, particularly in the Kingdom of Saudi Arabia (KSA). This thesis, therefore, aims to critically evaluate how CSR is conceived and practised in Saudi SMEs and how they can engage with CSR as an important contemporary business challenge. By employing stakeholder theory and other CSR theories explaining the SME-society relationship, the study pays particular attention to contextual factors, i.e. cultural, economic, and legal, that shape the understanding of CSR and may promote or hinder CSR engagement.

A qualitative research approach was adopted to achieve the objectives of this study. Data was gathered through thirty-two semi-structured interviews with SME owner-managers and representatives of government agencies concerned with the development of the SME sector.

The findings reveal that SME owner-managers' business values are commonly influenced by a mix of social and profit priorities that shape the CSR understanding and decisions of Saudi SMEs. SME owner-managers show a moderate CSR awareness, largely associated with philanthropic modes of giving, highlighting the prevailing role of local Islamic tradition. CSR is informally managed, with no dedicated department, budget, or public reporting. Yet, non-philanthropic CSR activities are strategically practised, across different functions, in terms of mitigating and transforming value chain social impacts with a focus on internal CSR activities. This stems from CSR being mostly internally motivated by the longstanding precepts of Islamic teaching and the practical benefits/challenges such as staff motivation and cash limitations. Hence, CSR benefits are generally intangible with an emphasis on the spiritual benefits resulting from viewing God as a highly salient stakeholder. These results suggest that the CSR phenomenon is essentially context-sensitive, where religion along with other contextual factors identified in this study (e.g. government regulations, education system, social media, and MNCs), have a potential role in stimulating CSR among Saudi SMEs. Addressing these factors may resolve identified challenges relating to CSR awareness, institutional support and pressure, and CSR incentives.

This thesis contributes to filling a knowledge gap by providing new insights into CSR behaviour and approaches in an under-researched area, i.e. CSR in SMEs in KSA. It also contributes by extending the application of stakeholder theory to KSA by including a spiritual entity (God) as a primary stakeholder. Further, this work proposes several theoretical/conceptual frameworks, e.g. the Saudi SMEs' CSR pyramid, and CSR benefits for Saudi SMEs, that may be considered transferable to other nations with a similar context, i.e. Muslim majority countries. Finally, business practitioners and policymakers can use the findings of this thesis to support the CSR strategies of SMEs and increase their CSR engagement.

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List of abbreviations

CSR	Corporate Social Responsibility
GASTAT	Saudi General Authority for Statistics
GAZT	General Authority of Zakat and Tax
GCC	Gulf Cooperation Council
ISO	International Organisation for Standardization
JCC	Jeddah Chamber of Commerce
KSA	Kingdom of Saudi Arabia
MCI	Ministry of Commerce and Investment
MNC	Multinational Corporation
Monshaat	General Authority for Small and Medium Enterprises
Namaa	Local Content and Private Sector Development Unit
NGO	Non-Governmental Organisation
SAGIA	Saudi Arabian General Investment Authority
SME	Small and Medium Enterprise
UNGC	United Nations Global Compact

1. Introduction to the research

1.1 Introduction

This chapter provides a background to, and overview of, the whole thesis. It begins by presenting the scope of the research, which is followed by outlining the research's aim, objectives and the questions it seeks to answer. Next, the justifications for the research are included in section 1.4, followed by presenting the chosen methodology to examine the research problem in section 1.5. Section 1.6 outlines the contributions of this research to the field in general and discusses its relevance to the academic, business, and policy-making fields. Finally, section 1.7 highlights the structure and the contents of this thesis.

1.2 Scope of the research

The current assumption that businesses have a responsibility towards society is not something new. This idea can be traced back several hundred years (Carroll 2008). However, it is only in recent decades that the concept of Corporate Social Responsibility (CSR), which depicts the ethical dimensions of the business-society relationship, has captured the attention of both academics and practitioners. This is mainly due to the increasing concerns about business impacts on society, which contribute to the growing social problems linked to economic crises, health and safety, social equity, and environmental issues. CSR is described as attempts by businesses to mitigate the negative impacts of their operations on society by integrating economic, social, ethical, and environmental considerations into their corporate strategy to improve society's wellbeing (Davies and Crane 2010). However, CSR has until recently mostly been regarded as an instrument to manage the malpractices of large and multinational companies. This classic view has made CSR seem to be a 'luxury good' (Spence et al. 2003) that no one can afford but large companies. Consequently, the impact of Small and Medium Enterprises (SMEs) on society was largely overlooked in conventional literature pertaining to business ethics. However, recent years have witnessed a surge in the number of scholarly publications on CSR in SMEs (e.g. Fassin 2008; Morsing and Perrini 2009; Preuss and Perschke 2010; Spence 2016; Stoian and Gilman 2017; Soundararajan et al. 2018), challenging the traditional conceptions of CSR and suggesting that CSR activities for SMEs can be a source of competitive advantage rather than a cost burden. SMEs are a vital component of the global economy, playing a significant role in society as they account for more than 95% of businesses worldwide (Soundararajan et al. 2018), generating nearly 65% of employment globally (Vázquez-Carrasco and López-Pérez 2013). Hence, CSR

engagement of SMEs would contribute substantially to the wellbeing of the societies in which they operate.

Considering this significant development and the changing approach to CSR in SMEs, there is still a particular gap in the research on CSR in SMEs operating in the developing world (Ibrahim 2014). Most of the existing knowledge is related to SMEs in industrialised countries, which often differ from their counterparts in developing countries in terms of economic, sociocultural and political settings. Developing countries are often in the earlier stages of the process of economic growth and therefore they might be faced with different issues than those considered a priority in developed countries, e.g. unstable legal systems, high corruption and unemployment rates, and poor waste management. The Kingdom of Saudi Arabia (KSA), for example, is an Islamic country where religion has a significant potential influence on its society; it has an absolute monarchy governmental system, and its economy is relying heavily and directly on a single sector— the petroleum industry (Khan et al. 2013; Tilt 2016). Such unique contextual factors play a significant role in shaping CSR understanding and practices in the country. Capturing such understanding could guide SMEs in KSA to develop CSR activities that can be beneficial for their business as well as society. Also, gaining cohesive knowledge about Saudi SMEs' CSR performance has the potential to help academics, practitioners, and policymakers make better decisions in this field. This study endeavours to achieve these goals to reconcile existing CSR theories with current practice in Saudi SMEs.

The dearth of empirical and conceptual investigation of SMEs' CSR practices has led to inconclusive interpretations of the SME-society relationship. Scholars are divided about the differences between large companies and SMEs in terms of their motivations for practising CSR. Some assert that large companies are more responsive due to their greater access to resources, visibility, and scale of operations (Johnson and Greening 1999; Brammer and Millington 2006). Others dispute this conclusion, arguing that the same attributes, in fact, drive SMEs to be socially responsible (Meznar and Nigh 1995). While the debate continues, many scholars affirm that SMEs do engage in CSR but in an informal manner, which is labelled 'silent CSR' or 'implicit CSR' (Wickert et al. 2016). Such divergent views raise concerns about which CSR theory would fit both large companies and SMEs in terms of explaining CSR understanding and attitude. Among the different theories that have been employed to explain CSR, stakeholder theory is one of the most popular theories used by researchers to explain CSR practice within firms. According to Jamali et al. (2009), the stakeholder approach is increasingly appreciated as

an effective tool that may distinguish SME stakeholder relationships from those of large companies. Hence, the current research is one of the first studies to apply stakeholder theory to investigate and analyse CSR practices of SMEs within KSA.

This study begins with the assumption that owner-managers are a significant factor for shaping CSR in SMEs. Past studies suggest that the commitment of SME owners is crucial for CSR to work successfully, as they are the drivers and the implementers of their own values (Preuss and Perschke 2010; Jamali et al. 2017). Hence, CSR adoption in SMEs is based on owner-managers' discretion (Hemingway and Maclagan 2004). The following section outlines the research aim, objectives, and questions in more detail.

1.3 Research aim, objectives, and questions

This research aims to critically evaluate how SMEs understand and practice CSR in the context of a developing country, specifically KSA, with a particular focus on understanding the potential impact and implications of KSA's contextual specifications, i.e. socio-cultural, political, and economic, on SMEs' CSR engagement. Based on this, the central question of this research is:

> **How is CSR conceived and practised in Saudi SMEs, and what are the potential impact and implications of KSA's contextual factors on SMEs' CSR engagement?**

With this question in mind, the following objectives and questions (Table 1.1) were developed after a comprehensive review of the relevant literature (see chapter 3):

Table 1.1 Research objectives and questions

Research Objectives (RO)	Research Questions (RQ)
RO1. To develop an insight into the role of owner-managers' values on the engagement of Saudi SMEs in CSR.	RQ1. What are the business values of SME owner-managers; and how do these values influence firm engagement in CSR activities?
RO2. To critically evaluate Saudi SMEs' conceptualisation of their role in society, identify terms in use that describe this role, and explore their social priorities.	RQ2. What is Saudi SMEs' conception of their role in society and what are their social priorities?
RO3. To assess the influence of contextual factors (political, socio-cultural, economic) and their implications for Saudi SMEs' CSR engagement.	RQ3. What are the significant contextual factors that influence SMEs' CSR engagement? RQ4. What is the nature and extent of that influence; and what are the implications for that influence?
RO4. To critically appraise the nature of CSR practices, management, and reporting in Saudi SMEs.	RQ5. What are Saudi SMEs doing in the area of CSR; and how do they manage CSR activities?
RO5. To critically analyse the motivations, the benefits, and the challenges for Saudi SMEs to engage in CSR activities.	RQ6. What motivates Saudi SMEs to engage in CSR activities; and are they strategically or morally motivated? RQ7. What are the benefits that Saudi SMEs would gain through their engagement in CSR activities? RQ8. What are the perceived challenges that may hinder Saudi SMEs to engage in CSR activities?
RO6. To identify significant stakeholders that influence CSR engagement of Saudi SMEs, and to understand the processes through which they manage their stakeholders' CSR expectations and their implications.	RQ9. Which stakeholders are significant to Saudi SMEs in relation to CSR; and to what extent? RQ10. How do Saudi SMEs manage the CSR expectations of their stakeholders?

1.4 Context: KSA

This study is carried out in KSA, one of the countries that can represent the developing world setting. The rationale for this choice was for the following reasons. First, the unique contextual factors of KSA would provide rich insights that contribute to the growing body of knowledge about CSR conceptions and practices in developing countries. For example, KSA is one of the fast-growing economies with 18% of the world's oil reserves and is a member of the 20 most powerful economies. KSA also has a unique socio-cultural factor given the extent to which religion plays a role in business and social life in the country. Second, the SME sector plays a substantial role in the economic and social development of KSA, thus it bears a large part of social and environmental concerns. SMEs account for 97% of the total firms operating in the Saudi market and they contribute about 71% of the private sector employment (GASTAT 2019). Although their contribution to the Saudi GDP is still at 20%, several economic and legal reforms have been taking place to increase SMEs' contribution to 35% of GDP by 2030 (Monshaat 2019). Further, this research is funded by the Saudi Ministry of Education, thus the outcomes of this research can be used to better inform government policy in terms of supporting SMEs in developing CSR strategies. Finally, the fact that the researcher is a Saudi national who used to work in a managerial position within a Saudi SME, this has sparked his interest to investigate CSR and sustainability issues within Saudi SMEs, given that such terms were not, until recently, commonly used in the vocabulary of the Saudi business sector. More comprehensive details about the research context and its significance to CSR agenda are provided in chapter 2.

1.5 Methodological background

A qualitative research strategy was employed in this research to explore the CSR approaches of Saudi SMEs. A qualitative strategy is a useful tool for gaining an in-depth understanding of the topic under investigation (Creswell 2007; Hair et al. 2007). This work is trying to capture the SME-society relationship by examining how owner-managers conceive and manage this relationship and the contextual factors that shape this relationship. Additionally, employing qualitative research is justified by the fact that this study examines a complex phenomenon that involves a range of factors, e.g. economic, political, and socio-cultural, which may not be easy to comprehend using the highly structured questionnaires found in quantitative research (Sethi 1979). Finally, due to limited knowledge about SME behaviour towards CSR in the Middle Eastern region, and specifically in this research context, i.e. KSA, this study is of an exploratory nature which

involves 'what' and 'how' questions and therefore the qualitative strategy is the best approach to answer such questions (Yin 2018).

Among the various qualitative data collection techniques, semi-structured interviews were chosen to obtain the required data in this study. Interviewing technique is significant for this study because it focuses on key people, i.e. owner-managers, responsible for addressing CSR issues within their firms. This technique is a useful tool to understand their personal perspectives, values, and experience of CSR and its management and practices. The practicality is another advantage of interviews. This helps in overcoming time constraints associated with the busy nature of businesspeople, who might not be comfortable with other qualitative techniques, e.g. focus groups. Finally, the flexibility of interviews allows the researcher to probe further with questions based on interviewees' answers to the pre-determined questions (Bufkin 2006).

The interviews were conducted with two groups of participants. Twenty-four SME owner-managers from different sectors formed the first group, while the second group involved eight representatives from government agencies that are shaping the context of the SME sector within the country. This grouping strategy allowed for the drawing of comparisons between both groups, providing extra value and robustness to the research outcomes.

The collected data was analysed using both computer-assisted qualitative analysis software (CAQDAS) and manual data analysis techniques as they can complement each other. Findings have been categorised and discussed in light of stakeholder theory as well as other relevant theories identified in the literature. More details are available in the methodology chapter.

1.6 The research contribution

The outcomes of this research will provide significant contributions to CSR knowledge on both theoretical and practical levels. The major contributions are highlighted below:

- The research outcomes contribute to filling the knowledge gap in an under-researched area, i.e. CSR in SMEs in developing countries, by providing new insights into CSR behaviour and approaches in Saudi SMEs.

- The theoretical/conceptual and empirical contributions that have emerged from this thesis, i.e. the four frames of SMEs' managerial values (Figure 5.2), the Saudi SMEs' CSR pyramid (Figure 5.7), and CSR benefits for Saudi SMEs (Figure 5.11), may help future scholars of different disciplines to uncover further issues about CSR dynamics of SMEs. These contributions could also be considered more from the perspective of transferability to other nations of similar contextual settings and SME work in general.

- Business practitioners and policymakers can use the findings of this thesis to support SMEs' CSR strategies and increase their CSR engagement. This potentially can help to tackle many economic, social, and environmental problems, given the significant weight of SMEs in the Saudi private sector.

- Participating SMEs will be offered a summary report/guide of the research outcomes. This will hopefully assist them to gain greater insight into the current CSR good practices within SMEs in KSA, and inform them about the opportunities and benefits that their business and society may gain through engaging in CSR activities.

- This research will produce academic articles on both the empirical findings and the systemic literature review conducted on CSR development and approaches in KSA.

1.7 Structure of the thesis

The structure of this thesis is formatted using a systematic approach, over seven chapters. The first chapter includes an introduction to the thesis, presenting the scope of the research, and outlining its aim, objectives, and questions. Chapter 1 also includes a brief description of the research context and its methodological background, as well as the contributions of the study. Chapter 2 is dedicated to the research context, presenting key geographic and demographic information of KSA and then delving into some significant contextual factors that shape the local business environment. This is followed by exploring the Saudi SME sector and its significance to the local economy. Chapter 3 provides a critical literature review on all topics surrounding this research including CSR definitions, CSR evolution in both developed and developing countries, CSR in KSA, CSR in SMEs, and the main theoretical framework (stakeholder theory) (see sections 3.2-3.5). Section 3.6 concludes the chapter by linking various sections to each other, while the last section (3.7) summarises the knowledge gaps identified throughout this review in the form of research questions. The adopted research methodology is described and justified in chapter 4. Chapter 5 presents and analyses the data collected from the participating SMEs (core findings). It also discusses those key findings in light of the theoretical frameworks presented in the literature review chapters. These findings are then compared and contrasted with the data collected from the government representatives (supplementary findings) and further discussed and consolidated in chapter 6. Chapter 7 concludes with a summary of the key findings, contributions, limitations, directions for future research, and ends with the researcher's personal reflection on the PhD journey.

2. Research context: KSA
2.1 Introduction

The Kingdom of Saudi Arabia (KSA) is a distinctive country due to several factors encompassing the economic, political, cultural, and geographical. This chapter presents a general background of KSA by including key geographic and demographic information, some significant contextual factors that shape the local business environment, the development plan (Saudi Vision 2030), and key stakeholders to economic and social development. This is followed by an exploration of the SME sector and its role in the development of the Saudi economy.

2.2 Geographic and demographic information

KSA is a Western Asian or a Middle Eastern (ME) country that occupies a large proportion of the Arabian Peninsula with an area of 2.15 million km². Geographically, KSA is the largest ME country, the fifth largest in Asia, and is ranked as the 12th largest in the world. It is the only country in the region with access to the key global waterways of the Red Sea and Arabian Gulf, linking it strategically with three continents, Asia, Africa, and Europe. This makes KSA a significant route for global trade and a potential hub for global business. Most parts of the country consist of uninhabited arid land, including the largest desert existing in one country, the Empty Quarter. As such, people are mostly concentrated in major cities like Riyadh, Makkah, Jeddah, and Dammam. Figure 2.1 shows the location of KSA in the Middle East.

Figure 2.1 Map of the Kingdom of Saudi Arabia.

Source: Encyclopaedia Britannica (2020)

The current population of KSA is over 33.4 million, with approximately 50% under 25, according to the Saudi Arabian General Investment Authority (Invest Saudi 2020). The average population growth rate is 2.4 % for 2019 as stated by the Saudi General Authority for Statistics (GASTAT 2019). A noteworthy factor is the high percentage of expatriates, representing approx. 38% of the total population and occupying almost 88% of the business labour force, indicating a significant dependence on expatriates despite low employment figures for the local workforce (Ebnmhana 2018). The high reliance on foreign labour is mainly attributed to the strong inclination of Saudi nationals to work in the public sector, which offers better work benefits, e.g. shorter working hours, longer annual leave, and job security, which are not provided by most jobs in the private sector (ARAB NEWS 2016). This is also combined with what can arguably be described as the lack of highly skilled nationals who can occupy jobs offered by the private sector (Fakeeh 2009). However, despite KSA having one of the lowest female labour percentages (10.8 %), the female workforce has grown significantly in recent years, including by 16.8% in 2016 (The World Bank 2020). Figure 2.2 illustrates the increase in the female labour force between 1990 and 2018.

Figure 2.2 The female labour force in KSA between 1990 and 2019
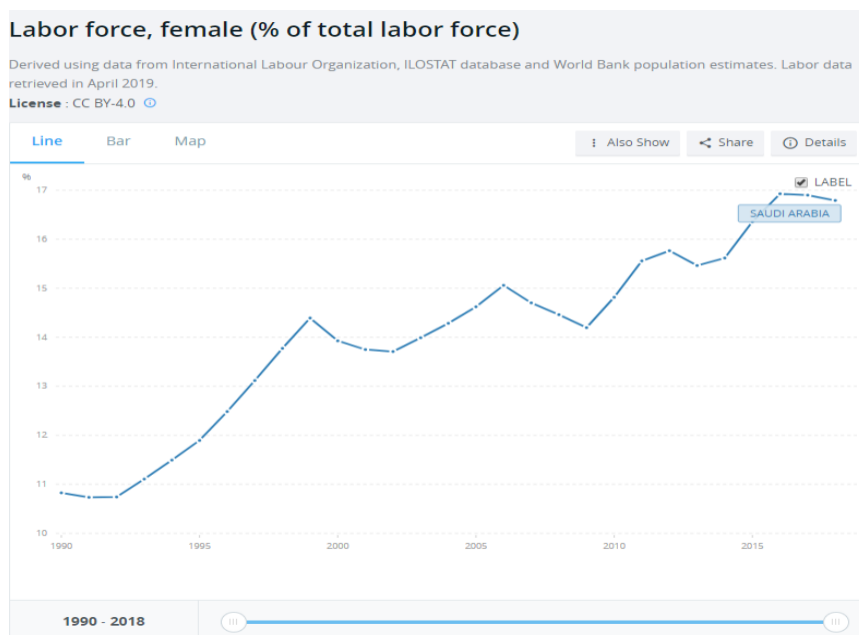
Source: The World Bank (2020).

These demographic changes have placed greater pressure on the state's decision-makers to respond to the economic and social challenges caused by the country's growing youth population, resulting in a series of economic, social, and educational reforms. More details on the contextual factors that characterise and distinguish KSA from other developing countries are provided in the following section.

2.3 Contextual factors

While the literature suggests that there are a growing number of studies that focus on CSR behaviour in developing countries, many scholars rely on existing theoretical frameworks designed to explain CSR in developed nations. Some could argue that this is plausible since emerging economies are following the same economic system of capitalist economies and moving towards a more market-based orientation (Sumiani et al. 2007). However, it is suggested that context is a significant determinant for understanding CSR. Each country has its unique contextual factors, with different sociocultural, environmental, and economic issues (Tilt 2016). Developing countries are often in the process of economic growth and therefore they might be faced with different issues to those identified in the developed world, e.g. with unstable legal systems, high unemployment rates, rapid population growth, and poor waste management. KSA, for example, is an Islamic country where religion has a profound influence on society; it has an absolute monarchy governmental system, and its economy relies heavily on the petroleum industry (Khan et al. 2013; Tilt 2016). Such contextual factors are likely to play a significant role in shaping CSR understanding and practices in KSA. Hence, it is important to examine religious, legal and political, and economic factors in more detail in the following sections.

2.3.1 Religion

Religion, a set of beliefs and practices agreed among a group of individuals based on faith in superhuman powers (Stark and Bainbridge 1985), has played a significant role in human behaviour throughout history. The connection between religion and business ethics has been the topic of many empirical studies in the past decades (Calkins 2000; Epstein 2002; Weaver and Agle 2002; Alshehri et al. 2019; Amos et al. 2019). These studies indicate that the spiritual sources of different religions, such as the Hebrew Bible, the Quran, and the Christian Gospels, show clear concerns about ethical expectations when conducting business. Further, empirical studies of managerial decision making confirm that there is a positive relationship between religion and ethical behaviour (Kidwell et al. 1987; Agle and Van Buren 1999; Longenecker et al. 2004; Hardesty et al. 2010; Alshehri et al. 2019). This demonstrates that religious individuals have a greater tendency to consider ethical values when conducting business and show a better understanding of CSR issues. Nevertheless, these studies experience certain limitations such as lack of generalisability because they are based on either small-scale samples or a single religion, often Christianity, as most are in western settings (Agle and Van Buren

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1999). Saroglou et al. (2004) analysed 21 samples from 15 different countries and concluded that major religions share similar psychological aspects. For example, Abrahamic religions have their own Golden Rule (see Table 2.1) regarding ethical behaviour, which mainly focuses on the need to treat others fairly.

Table 2.1 The Golden Rules of Abrahamic religions

Religion	The rule	Source
Islam	No one of you is a believer until he desires for his brother that which he desires for himself	Sunnah
Judaism	What is hateful to you; do not to your fellow men. That is the entire law, all the rest is commentary	The Talmud, Shabbat, 31a
Christianity	As ye would that men should do to you, do ye also to them likewise	Luke 6:31

Source: adapted from Saroglou et al. (2004, p. 63)

Academic research, however, remains inconclusive on the relationship between religiosity of people and their ethical attitude (Ramasamy et al. 2010). Saroglou et al. (2004) also note that religious individuals have limited appreciation of the welfare of others. Schwartz and Huismans (1995) emphasise that there is limited Universalism, i.e. understanding, tolerance and concern for humanity and nature, amongst religious groups. Instead, concern tends to be restricted to those people of the same religious group and does not include other religious groups. This suggests that religiously inspired CSR is more likely in more homogenous societies. Brown and King (1982) observed that 'norms and pressures from community and peers' are more influential than religious values in encouraging SMEs to adopt responsible business practices. In contrast, other empirical studies (e.g. Jamal 2003; Martens 2014) argue that Muslims, for example, express their compassion and support to deprived, elderly, and homeless individuals from other religious groups. According to Jamal et al. (2019, p. 319), *'Islamic beliefs, values and altruistic attitudes can motivate Muslims to show a real concern for others irrespective of religious background'*. Tarakeshwar et al. (2001) claim that religion does not encourage its followers to maintain nature and the environment whilst others claim that key religions do include stewardship type values that incorporate environmental care (Brammer et al. 2007).

The dominance of CSR cases from the western countries (Rizk 2008; Murphy and Smolarski 2018) has tended to focus on Judaeo-Christian derived ethics. Business activities are vital to the principles of Judaism and Christianity (Brammer et al. 2007).

Many precepts of the Christian Gospel and the Hebrew Bible (Torah) consider work as a part of worshipping God (Calkins 2000).

2.3.1.1 Judeo-Christian business ethics

In the Torah, out of 613 commandments, more than 100 concern business activities underpinned by the notion that *"the drive for wealth is morally legitimate and essential for the existence and welfare of the human race"* (Epstein 2000, p. 528). Further, Judaism recommends various instructions on how to ethically deal with business activities. For instance, it prohibits the principle of *caveat emptor*, which holds the buyer as the only one responsible for ensuring the quality of items before a purchase is made, and expects the merchant to declare any defect in the product to the customer. Maimonides' Mishneh Torah Laws of Sale (18:1) states that "*it is forbidden to cheat people in commerce or mislead them...If he knows of any defect in the sale item, he must disclose it to the buyer*". Further, a Jew can sell legal items even if they are unhealthy, but the trader should bear in mind that life protection is the greatest value and thus individuals should be discouraged from consuming harmful goods (Brammer et al. 2007).

Christian precepts generally stem from Judaic values. According to Novak (1992), a Mennonite theologian, J.H Yoder, argues that Christianity is a diverse mode of Judaism. The ten commandments of Christianity offer the foundation for what society regards as moral codes (Ludwig 2001). For instance, those who follow the Christian faith should maintain a high standard of products and services and cause no harm to their customers (Rossouw 1994). Due to the ambiguity of business practices, he suggests that Christians should "*keep a critical distance from the economic system in which they are working*" (Rossouw 1994, p. 565). Weber (1930), who coined the term Protestant Work Ethic (PWE), argues that PWE was a major cause for the economic success of protestant nations. PWE stresses that hard work, punctuality, thrift, and the desire for achievement are the attributes of those who believe in the values of protestant faith (Kalemci and Tuzun 2019). Further, Weber (1930) claims that the spirit of capitalism views profit as an ultimate goal and seeks financial gains as an ethically accepted behaviour. However, this should not ignore the person's responsibility to positively contribute to society.

2.3.1.2 Islamic business ethics

There are limited studies that relate religion to ethical behaviour in Asia (Ramasamy et al. 2010). Since the focus of this thesis is on CSR in an Islamic country, i.e. KSA, it is imperative to shed more light on the link between business ethics and the Islamic faith. According to Rice (1999), Islam, the second largest religion on earth (Parboteeah et al. 2009), is generally misconceived and there is comparatively little known about it in the West. Islam requires a balance between the needs of this life and the needs of the hereafter (Chapra 1992). The main aim of human beings in creation is to worship Allah (God) through the performance of the five pillars of Islam. These pillars include the recognition of the unity of Allah and that Mohammed is his messenger, prayer, fasting in the month of Ramadan, obligatory charity (Zakat) and pilgrimage to Makkah (Hajj). However, worship is not limited to the latter rituals but also requires Muslims to obey Allah through ethical behaviour in all phases of their daily practices including their business activities (Williams and Zinkin 2010).

The ethical principles of Islam are derived from two main sources, the Qur'an (the words of God that were revealed to the Prophet Muhammad through the Archangel Gabriel in the seventh century), and the Sunnah (the reported sayings and actions of Prophet Muhammad). However, secondary sources, e.g. the actions of the Prophet's Companions, *Ijma'a* (scholarly consensus), *Urf* (society customs), Qiyas (deductive analogy), and *Istihsan* (juristic discretion), are used by scholars in cases where no rule has been provided by the main sources (Murphy and Smolarski 2018).

The Prophet Muhammad was a successful merchant and was engaged in business for most of his life (Rizk 2008). The Holy Qur'an encourages free trade and prosperity as long as it adheres to Islamic work ethics and does not take advantage of others (Ludwig 2001). Therefore, it is not surprising that Islamic teachings stress that involvement in business activities is compulsory (Yousef 2000). Further, Islam offers a practical socio-economic system that includes comprehensive information about different economic variables like interest, debts, taxation, contracts, circulation of wealth and finance (Rice 1999; Rizk 2008). Generally, it is Islamic ethics that manage economics and not the opposite (Naqvi 1981).

Islam's definition of responsible business is based on what is permissible (*halal*) and what is forbidden (*haram*) according to the type of business and how it is being managed. For example, the protection of health and life is a great concern in Islam. As in Judaism, Islam does not permit the *caveat emptor* philosophy. It even goes further by banning goods and

services that jeopardise people's lives like alcohol, tobacco and gambling (Brammer et al. 2007). Allah justifies this ban in the Qur'an by saying "*They ask thee concerning wine and gambling. Say: In them is great sin, and some profit for mankind; but the sin is greater than the profit*" (Qur'an 2:219). Further, the moral concern is the main reason for prohibiting usury or interest according to many Muslim scholars as the lender makes effortless profit without sharing any risk with the debtor (Williams and Zinkin 2010). Islam also prohibits unfair business practices like *Ihtikar* (monopoly); as the Prophet states "*If anyone withholds goods until the price rises he is a sinner*" (Hadith Muslim quoted in Williams and Zinkin 2010). Additionally, it is not permissible to sell something before the buyer can see it and/or before the seller can possess it like fish in the sea as this puts the purchaser at a disadvantage. Generally, observing Islamic principles such as *Adl* (justice), *Amanah* (trust), *Ihsan* (benevolence), and *Qist* (equity) helps businesses foster economic balance, safeguard human rights, and maintain justice (Murphy and Smolarski 2018).

Williams and Zinkin (2010) conducted an interesting study to explore the compatibility between Islam and CSR by comparing Islamic precepts with the principles of responsible business defined in the UN Global Compact (See section 3.2.3.5 for details about the principles of the UNGC). They concluded that Islamic precepts are not only corresponding with the UNGC principles but go beyond the minimum requirements of its framework in several ways. According to Williams and Zinkin (2010), Islamic principles seem to be wider in scope, e.g. in improving human capital, and provide a clear codification for business transactions, identifying what is permitted, *halal*, and what is prohibited, *haram*. Further, Islam has a clear enforcement system in Sharia law (Islamic law) and explains the consequences of unethical behaviour in the hereafter.

From the equality perspective, Islamic values confirm that equal treatment must be ensured as all people are equal before the law irrespective of their gender, race, religion, or colour: "*O mankind! We created you from a single (pair) of male and female, and made you into nations and tribes that ye may know one another. Indeed, the most noble of you in the sight of Allah is the most righteous of you*" (Qur'an, 49:13). What might not be known to many is that women have the same rights as men. Beekun and Badawi (2005, p. 137) advocate that "*normative Islam rejects sexism in business as well as in other areas of life*". In addition, many verses in the Qur'an reinforce the spiritual equality between women and men (Qur'an, 4:1; 7:189; 3:195; 4:124). However, the report of UNDP (2002) shows that Islam's normative precepts related to women's rights are not reflected in the

Islamic world today, and they are ignored either due to cultural bias or extremism. According to Mernissi (1991), at the time of the Prophet, women were granted full citizenship and they had the freedom to fight for their rights, raise their concerns to the Prophet and participate in political and military decision making. When it comes to law enforcement, everyone is equal regardless of their rank in society. That is clearly evident when a woman of a high rank was involved in a theft during the time of the Prophet and some people recommended that she receives a reduced sentence, the prophet replied: "*The nations that lived before you were destroyed by Allah because they punished the common man for their offences and let their dignitaries go unpunished for their crimes; I swear by Him (Allah) who hold my life in His hand that even if Fatimah, the daughter of Muhammad, had committed this crime, then I would have amputated her hand*". (Hadith cited in Gray 2018, p. 230).

On the social and economic level, Islam recognises the right to minimum living conditions for the needy and deprived. The fourth pillar of Islam, Zakat (obligatory charity), ensures that Muslims are obliged to pay part of their annual savings to those who are in need in the Muslim community. In addition, Muslims are encouraged to tackle poverty by giving charity to the poor regardless of their religion and race (Qur'an 51:19). Furthermore, Islamic ethical teachings urge the government to provide an economic safety net for the deprived. The prophet said in this regard "*The Head of the State is the Guardian of him who has nobody to support him*" (Hadith cited in Williams and Zinkin 2010, p. 526).

Since the focus of this section is on the relationship between religion, particularly Islam, and CSR, it is essential to provide the Islamic view of transparency and corruption. It is obvious that corruption represents totally unacceptable behaviour in Islam as in other Abrahamic faiths of Judaism and Christianity. It even demonstrates stricter opinion, as it clearly appears in the prophet's sayings such as: "*The Messenger of Allah cursed the one who offers the bribe, the one who receives it, and the one who arranges it*" (Hadith in Sunan al-Tirmidhī 1336). Moreover, Islam encourages transparency in all business deals. The longest verse in the Qur'an (2:282) emphasises the need to have a detailed written contract for any business transaction and provides a clear prescription on how to execute it.

Unlike other religions, which pay less attention to the environment, Islam has a very explicit view of the natural environment and its protection. From the Islamic perspective, God is the creator and the earth belongs to Him only. Man is viewed as *Khalifah* (the

steward of the earth on God's behalf, Qur'an 20:6). Subsequently, they are expected to use resources wisely and protect everyone's well-being. No one is allowed to damage or abuse Allah's given resources (Brammer et al. 2007).

It is apparent that Islamic values comply with the conventional global CSR agenda. What has been reviewed above is mainly Islamic ethical principles, but there are potential differences between principle and practice. Many empirical studies and reports in this area argue that Muslims are not necessarily following the ethical system as in other developed nations (Rice 1999; Guiso et al. 2003; Williams and Zinkin 2005; Brammer et al. 2007). For example, many Islamic countries do not meet the equality standards as defined by the UN. The same goes for human rights and transparency of the legal system (UNDP 2002; Beekun and Badawi 2005). According to Transparency International (2018), the rank of many Islamic countries is relatively high on the corruption index for the year 2018 (see Figure 2.3). Nevertheless, these shortcomings are most probably not related to Islamic values, but rather due to other factors such as political system and lack of social and educational development. The same factors are also shared among other non-Muslim countries which suffer the same shortcomings (Williams and Zinkin 2010).

Figure 2.3 Corruption Index 2018 for the Arab States
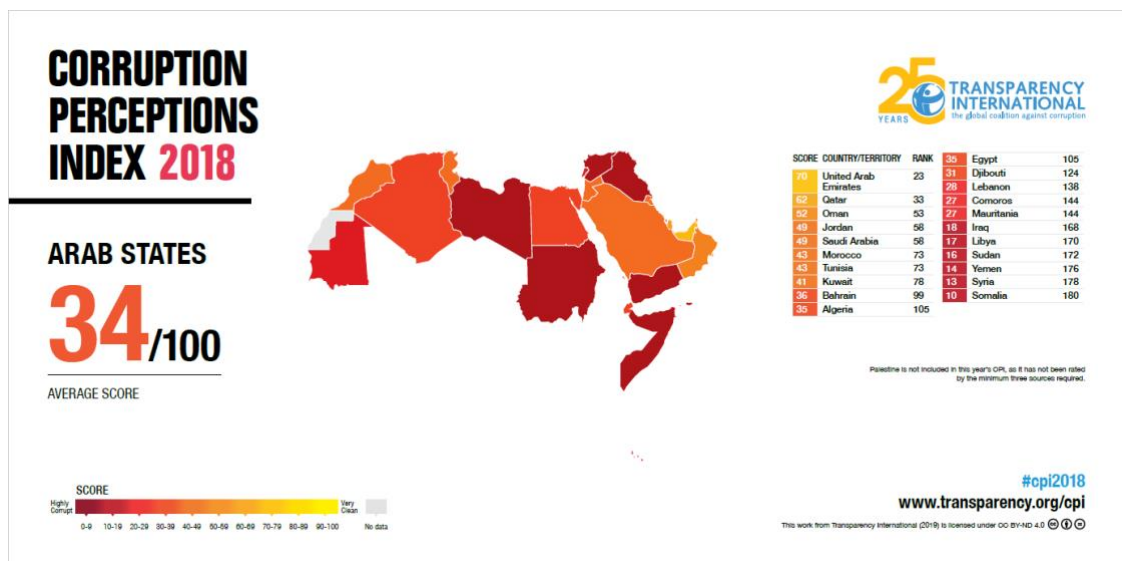
2.3.2 Political and legal system

KSA was founded in its current form by King Abdulaziz Al Saud after uniting the two kingdoms of the Hejaz and Najd on 23 September 1932, which also marks Saudi National Day (Encyclopaedia Britannica 2020). The country was established as an Islamic state, where Sharia law, which is based on both the Holy Qur'an and the Sunnah (the tradition of the Islamic Prophet) is declared to be the state's constitution. Arabic is the official language and the legislative, executive, and judicial functions are controlled solely by the King, who acts as the Head of the Council of Ministers (Alomar 2014). This council manages all issues related to internal and foreign policies as well as defence, education, health, and finance. Council Members are appointed directly by the king, and the council is also supported by what is called the Consultative Council (Shura). The Shura Council consists of 150 members, also appointed by the king, who are responsible for developing economic policies and recommending legislation for the king to approve (Alomar 2014).

2.3.3 The economy of KSA

Currently, KSA plays a key role in the global economy. Fuelled by significant returns from petrol exports, rapid economic growth started in the 1970s and has continued since. This has turned the country, which was once an underdeveloped nation, into the 18th largest economy in the world and the largest in the MENA region. KSA possesses nearly 18% of the world's total proven petroleum reserves and is considered as the top crude oil exporter in the world. Nearly 50% of the gross domestic product comes from the oil and gas sector, and 85% of the country's exports are oil and petrochemical exports, while other natural resources include iron, gold, and copper (OPEC 2019). In 2018, Saudi GDP was estimated at 782 million USD and GDP per capita at 23,418 USD. More than 40% of GDP also comes from oil as it accounts for 70% of total revenues (IMF 2019).

This heavy reliance on oil has raised concerns for the Saudi government because it causes a significant challenge to sustainably advancing the economy, especially with the uncertain and volatile nature of oil prices and its climate change implications. Further, the oil industry is viewed as capital rather than labour intensive, therefore is incapable of accommodating the increasing number of youngsters joining the labour market annually. Accordingly, the government started to take serious action to reduce its oil dependence by developing policies on different economic levels to diversify the country's economy. This is represented in the introduction of an ambitious development plan called the Saudi Vision 2030 in April 2016, and led by the Crown Prince, Mohammed Bin Salman, who

personally launched and is fostering this vision. This policy document is highly relevant to this study because it provides important insights into CSR development within the country and puts more emphasis on the role of SMEs in addressing economic and social issues. Therefore, more details about the content of Saudi Vision 2030 and its relevance to CSR in the SME sector are presented in the following section.

2.4 Saudi Vision 2030

The vision is based on three pillars that provide KSA with a significant competitive edge. The first is the capitalisation on the status of the country as the heart of both the Arab and Islamic world because it includes the Two Holy Mosques within its land where Muslims pray five times a day in Makkah's direction and millions of Muslims visit these sacred sites every year. The second pillar is the investment capacity that would enable the country to create a significant wealth fund for global investment. The third pillar is the strategic geographic location, which would enable the country to be a global business hub, joining three continents, Asia, Africa, and Europe (Saudi Vision 2030 2016).

Three major themes comprise the policy document of Saudi Vision 2030: a vibrant society, a thriving economy, and an ambitious nation, which accommodate the major dimensions of CSR and sustainability: economic, social, and environmental.

Environmentally, the vision's blueprint appreciates the importance of natural resource preservation. Major goals include improving waste management efficiency, launching recycling plants, reducing pollution, and combating desertification. The vision also recognises the significance of reducing water consumption and increasing the use of treated water. Consequently, many environmental programmes and projects were established including the Sakaka wind energy project, King Abdullah City for atomic and renewable energy, King Salman Renewable Energy Initiative, and the Pilot forum on carbon capture and storage (UNDP 2018).

Socially, the vision focuses on promoting social development to strengthen society and make it more productive. Social goals include developing at least three cities to be among the top hundred in the world, increasing people's expenditure on entertainment activities within the country from 2.9% to 6%, and increasing individuals' involvement in sporting activities from 13% to 40%. In education, the government will invest in early childhood education, enhancing the national curriculum, improving the skills of teachers, and ensuring that education outcomes are in keeping with job market demands. An important target for 2030 is to have five national universities among the top 200 worldwide. Women

are also represented in the vision which emphasises the empowerment of women at all levels. As indicated previously on the progress of female labour, which has reached 16.8%, the next aim was to raise their participation in the labour market to 25% by 2020 and to 30% by 2030. Examples of what has been achieved so far regarding women's participation in the country's development include (UNDP 2018):

- Public sector: women occupy several leading positions, e.g. Princess Rima Al Saudi, the ambassador of KSA in the USA.
- Private sector: women hold executive positions in different leading banks and companies.
- Politics: 20% of the Consultative (Shura) Council are women.
- Economy and trade: Women became free to run their own business and to travel without the consent of a male guardian.

Social objectives also include reducing unemployment from 11.6% to 7%, increasing homeownership from 47% to 52%, and improving the quality of life of citizens through increasing their average life expectancy from 74 to 80 years (Saudi Vision 2030 2016).

The economic dimension was of paramount importance in the Vision 2030. The government is determined to increase the assets of the Public Investment Fund from 160 million USD to approximately 2 trillion USD to be the largest global wealth fund. This is to be achieved through transferring the ownership of the state-owned world's largest oil company, Saudi Aramco, to the Public Investment Fund. This would allow the government to take equity in large MNCs and invest in new technologies. The government also plans to improve public-private sector partnerships. The current contribution of the private sector to GDP is 40% which the vision aims to increase to 65% by 2030 by privatising government services such as education and health care, introducing new investment opportunities such as localising defence industries and removing barriers to private sector growth by enhancing and reforming. Accordingly, the government is planning to shift from being the service provider to instead facilitate, regulate, and monitor the private sector as service provider. The economic goals of the vision include raising the country's rank on the Global Competitive Index from the position of 25 to be among the top 10 countries, increasing foreign direct investment from 3.8 % to 5.7% of GDP to be within the global level, and moving from the 19th largest economy to be among the top 15 globally.

The SME sector was recognised by the Vision 2030 as a significant factor for boosting and diversifying the Saudi economy. The government acknowledges that, currently, the SME sector is not a major contributor to the GDP nor to the employment rate of nationals. Therefore, the vision plans to increase the contribution of the SMEs to the GDP from 20% to 35% by 2030 creating more job opportunities for citizens. A new authority dedicated to the SME sector was established in 2016 to encourage entrepreneurs by providing better access to funding, more flexible and supportive regulations, and providing them extra opportunities in national procurement and government bids. More details on the role of this Authority in supporting the SME sector are presented in the following sections.

In conclusion, it seems that all aspects of the Saudi Vision 2030 are, generally, in line with the modern understanding of CSR in the developed world. This is also reflected in the vision's recognition of the potentially significant role of transparency, accountability, and responsibility in the public and private sectors. However, it will not be easy to make such a paradigm shift and turn such ambitious plans into reality in a relatively short time. Yet, the government has finally decided to make a change by defining goals that will move the country from being a rentier-state to one with a diversified and sustainable economy.

2.5 Key stakeholders to economic & social development

This section addresses the key stakeholders that shape the context of the Saudi market in terms of economic and social development.

The Ministry of Commerce and Investment (MCI) is mainly concerned with the development of internal and external non-oil trade and the implementation of policies and instruments regulating and governing commerce in the country (MCI 2019). It also regularly reviews the existing commercial regulations and constantly monitors the development of commercial markets to protect them against exploitation, commercial concealment, and monopoly and to keep prices under control (MCI 2019).

The Council of Saudi Chambers is an umbrella organisation of several regional chambers such as those of Riyadh, Jeddah, and the Eastern Province. It participates in the drafting of policies that regulate the work of the business sector. The regional chambers are quasi-governmental agencies that mainly certify and process commercial documents related to business activities in the country and resolve commercial disputes. They also play an intermediary role between policymakers and businesses by communicating the private sector's concerns. Some regional chambers have dedicated departments to support SMEs

and promote CSR. Jeddah Chamber of Commerce (JCC), for instance, has a department providing knowledge and logistical support for developing local SMEs (Jeddah Chamber 2018). It also has a dedicated centre for social development, providing workshops and seminars to increase CSR awareness in the private sector, encouraging the private sector to adopt social programmes, and providing logistic support to firms adopting social initiatives.

In its aim to initiate a public-private partnership, the government established the Saudi Arabian General Investment Authority (SAGIA) in 2000 (Ali and Al-Aali 2012). The objective of this partnership is that both public and private sectors share resources and expertise to put the country on the world's top ten list of the most competitive economies, to support investment opportunities, and to deal with sustainability challenges. Economic cities worth $ 60 billion were built under the supervision of SAGIA creating substantial job opportunities, while ensuring adherence to sustainability standards. In 2008, in its endeavour to promote CSR, SAGIA commissioned the first leadership dialogue in cooperation with King Khalid Foundation and Harvard Kennedy School. Academics, members of chambers of commerce, international nongovernmental organisations (NGOs), and government employees were among the participants of the conference (SAGIA 2008). SAGIA also plays a significant role in the development of the SME sector. According to a recent publication by Jadwa Investment, a substantial amount of Foreign Direct Investment (FDI) into KSA originates from SMEs. 70% of FDI licences are issued for the service sector and the rest for manufacturing. Many initiatives were launched by SAGIA to attract 200 foreign SMEs and 50 venture capital firms to invest in the Saudi market by offering them 100% ownership (Khan and Alsharif 2019).

General Authority for Small and Medium Enterprises (Monshaat) was established in 2016 as a government agency focussing on supporting, sponsoring and developing the SME sector based on best international practices to increase the contribution of SMEs to GDP from 20% to 35% by 2030. Hence, Monshaat launched different initiatives and programmes to encourage entrepreneurship and innovation culture among young Saudis. It also works on finding solutions for financing local SMEs, encouraging venture capital initiatives, and creating policies for financing schemes related to SMEs (Monshaat 2019). At administrative and technical levels, Monshaat provides solutions to improve SME capabilities in different business functions such as HRM, marketing, and accounting. Monshaat also works to eliminate regulatory, procedural, and marketing challenges SMEs face by working closely with relevant governmental authorities (Monshaat 2019).

The General Authority of Zakat and Tax (GAZT) is another government department that is concerned with collecting Zakat, the fourth pillar in Islam (obligatory charity), and taxes from taxpayers based on certain regulations. There are two different accounts into which GAZT allocates the collected revenues from those subject to Zakat and taxes. Collected Zakat is deposited in an account, which is used to support specific beneficiaries defined by Islamic law, while taxes are allocated in an account used for public spending like infrastructure and other public services. Generally, Zakat applies to all types of businesses, while Saudi owned businesses are exempted from paying income tax if all shareholders are Saudi nationals residing in the country (GAZT 2019).

Although the role of other stakeholders such as NGOs and civic groups placing legitimacy demands on Saudi businesses is not as prominent as in developed countries, some NGOs, clergy, and charity organisations are working to improve the well-being of local communities (CSR Saudi Arabia 2014; Ebnmhana 2018). These efforts often focus on charitable donations and tend to be one-off programmes on an ad hoc basis (Tamkeen 2010). Local charity organisations also have a degree of acceptance by Saudi businesses which consider these organisations as a convenient channel to contribute to philanthropic causes. However, as indicated in several studies, (e.g. Boone et al. 2009; Emtairah 2010; Ali and Al-Aali 2012), there are no powerful NGOs that advocate for advancing the environmental and social performance of companies. According to Emtairah et al. (2009, p. 314),*"The absence of a sophisticated and organised civil movements or collective voices limits the national context from articulating clear expectations on companies"*. Hence, government agencies may need to promote environmental and social progress by easing the regulations for establishing NGOs and civic organisations that can champion social and environmental causes among Saudi businesses (Emtairah et al. 2009).

2.6 SMEs in KSA

SMEs play a pivotal role in boosting the economic and social development of nations by contributing significantly to GDP and creating job opportunities (Stoian and Gilman 2017). According to a survey conducted in 2017 by GASTAT, the number of SMEs operating in KSA is 977,535 (GASTAT 2019), while the total number of firms for the same year is 1,007,273 (Statista 2020). Thus, SMEs account for 97% of the total firms operating in the Saudi market and approximately 71% of private-sector employment (GASTAT 2019). Figure 2.4 illustrates the share of businesses in KSA by size for the year 2017. However, while SMEs' contribution to GDP in some developed countries goes above 60% (Abro et al. 2016), their contribution to GDP in KSA is around 20% (Monshaat 2019). As stated earlier, the SME sector is a key element in the Saudi Vision 2030, with a target to increase the contribution of SMEs to 35% of GDP by 2030. Therefore, significant reforms have been taking place to achieve this target.

Figure 2.4 Share of businesses in KSA by size, 2017
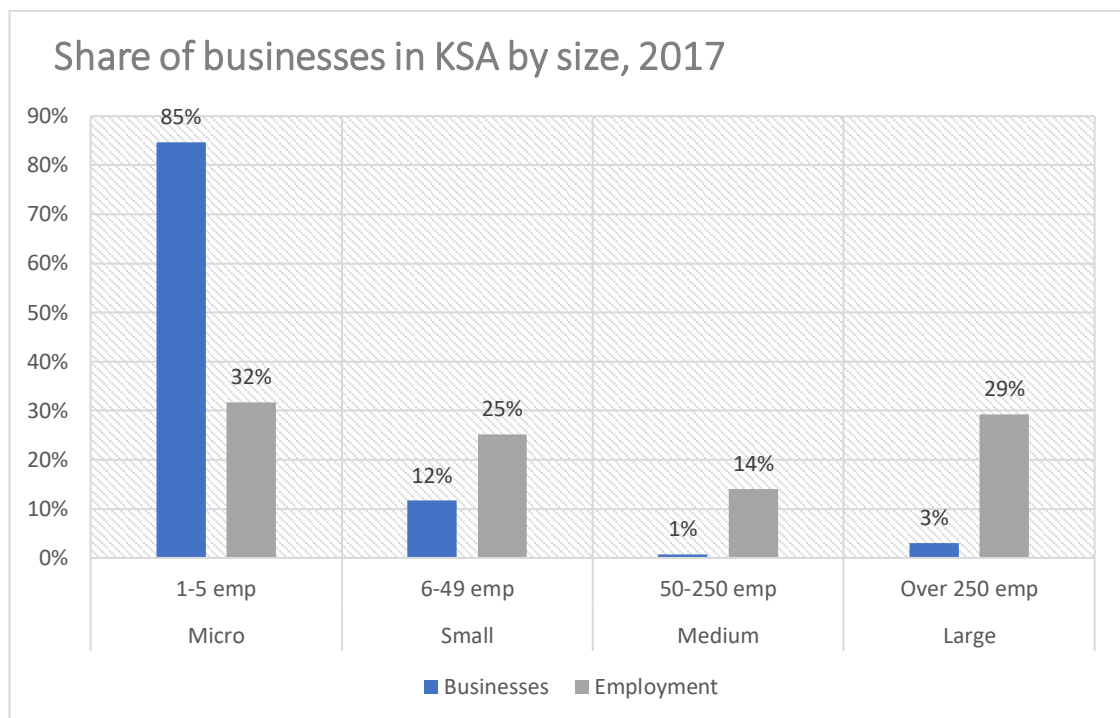
Source: Developed by the researcher from GASTAT 2019.

Historically, SMEs were acknowledged as substantial contributors to economic diversification in KSA. However, policies to develop SMEs were limited in previous development plans. Since the 1960s, several development funds financed SMEs in different sectors. For instance, SMEs were supported by the Agriculture Development Fund, which has provided loans to local farmers to enhance the agriculture sector since 1962. In 1974, the Saudi Industrial Development Fund was established to provide

financial solutions for manufacturing SMEs. Many other initiatives were adopted by large companies in the private sector, e.g. Abdul Latif Jameel, Saudi Aramco, and Sabic, aiming to provide training, technical, and financial support to small local businesses (Khan and Alsharif 2019).

Currently, the SME sector is one of the key areas that the government is targeting to diversify its economy. As a result, two new authorities have been established: Monshaat and the Local Content and Private Sector Development Unit (Namaa). Both agencies are working on initiatives that would develop the private sector while boosting the economic contribution of SMEs (Khan and Alsharif 2019). Among the initiatives that are related to the sector is that all SMEs established between 2016 and 2021 are given the opportunity to reclaim admin fees paid to the government in the first three years. 7 billion SAR was allocated for this initiative, whilst another 1.6 billion SAR has been allocated to provide lower-cost funding options for SMEs. The 'Kafalah' programme is another initiative to back SMEs financially so that they can apply for funding from local banks and guarantees to the banks a percentage of the funding given to the debtor SME (Al-Ghalayini 2019). Start-up SMEs were among targeted enterprises as the government tries to encourage an entrepreneurial culture among young Saudis. Accordingly, a venture capital fund was established with 2.8 billion SAR to stimulate more investment into the SME sector.

Regarding the barriers SMEs face in the Saudi market, a survey conducted by GASTAT in 2017 identified the biggest barriers to the growth of SMEs. These barriers vary depending on the size of the enterprise. For instance, while electricity bills are the most significant barrier for 30% of micro-firms, it is for only 7-9% amongst small and medium firms. Relatively common barriers faced irrespective of size are governmental procedures and bureaucracy, the availability of skilled labour, labour law and regulations, access to technical support, and access to finance (GASTAT 2019). It is worth noting that 'Tayseer', an initiative created by the government to bring 20 government agencies together to work on facilitating the growth of the private sector, has launched a platform called 'Meras' to overcome the barrier of governmental procedures and bureaucracy that start-ups face. The objective of this platform is to simplify government procedures through an integrated e-service platform and physical one-stop-shop centres, which allow entrepreneurs to start their business within 24 hours (Meras 2019). In general, the SME sector in KSA is receiving significant attention from the government and is expected to grow rapidly in the foreseeable future.

2.7 Conclusion

Chapter 2 provided a general background of KSA, demonstrating its geographic, demographic, and economic importance. It also outlined some significant contextual factors that shape local business practices, followed by a presentation of the historical development of the SME sector and its potential role in the Saudi Vision 2030.

This review indicates that KSA is going through significant economic and social challenges as a result of demographic changes, as well as the uncertainty surrounding the oil industry, which is the dominant source of income for the country. In response, the government introduced the Saudi Vision 2030 aiming to sustainably tackle those challenges. One of the vision's goals is the promotion of the SME sector, which will help the country in addressing economic and social challenges.

The review also highlights that KSA has unique contextual factors, which have a profound influence on business and social activities. Islamic religion, for example, plays an important role in many levels including the economic, political, and social. As suggested in the review, although Islamic values, as a philosophy, comply with the conventional global CSR agenda, the practice of many Muslim majority countries does not reflect these values. Hence, it is clear that Islamic values do not guarantee responsible business behaviour (any more than Judaeo-Christian values do), and yet there is clearly an opportunity for these values to motivate and shape responsible behaviour, but we need to know more about how and why (or why not). The current study attempts to fill this knowledge gap by critically evaluating the influence of KSA's contextual factors, on CSR understanding and practices of Saudi SMEs.

3. Literature review

3.1 Introduction

This chapter provides a thorough and critical review of the literature related to the topic of this research to identify any gaps in the existing knowledge. Section 3.2 is focused on the academic debates on CSR both in developed and developing countries. Section 3.3 presents a systematic literature review of studies conducted on CSR in KSA, while section 3.4 examines the entire depth and breadth of literature on CSR attitudes in SMEs. Then, the main theoretical framework employed in this study, i.e. stakeholder theory, is presented in section 3.5. Section 3.6 concludes the chapter by providing the storyline that links various sections to each other. Finally, section 3.7 outlines the research questions identified throughout this review, building a logical bridge between the literature review and the empirical work of this thesis. Figure 3.1 below illustrates the structure of this chapter.

Figure 3.1 Structure of the literature review chapter
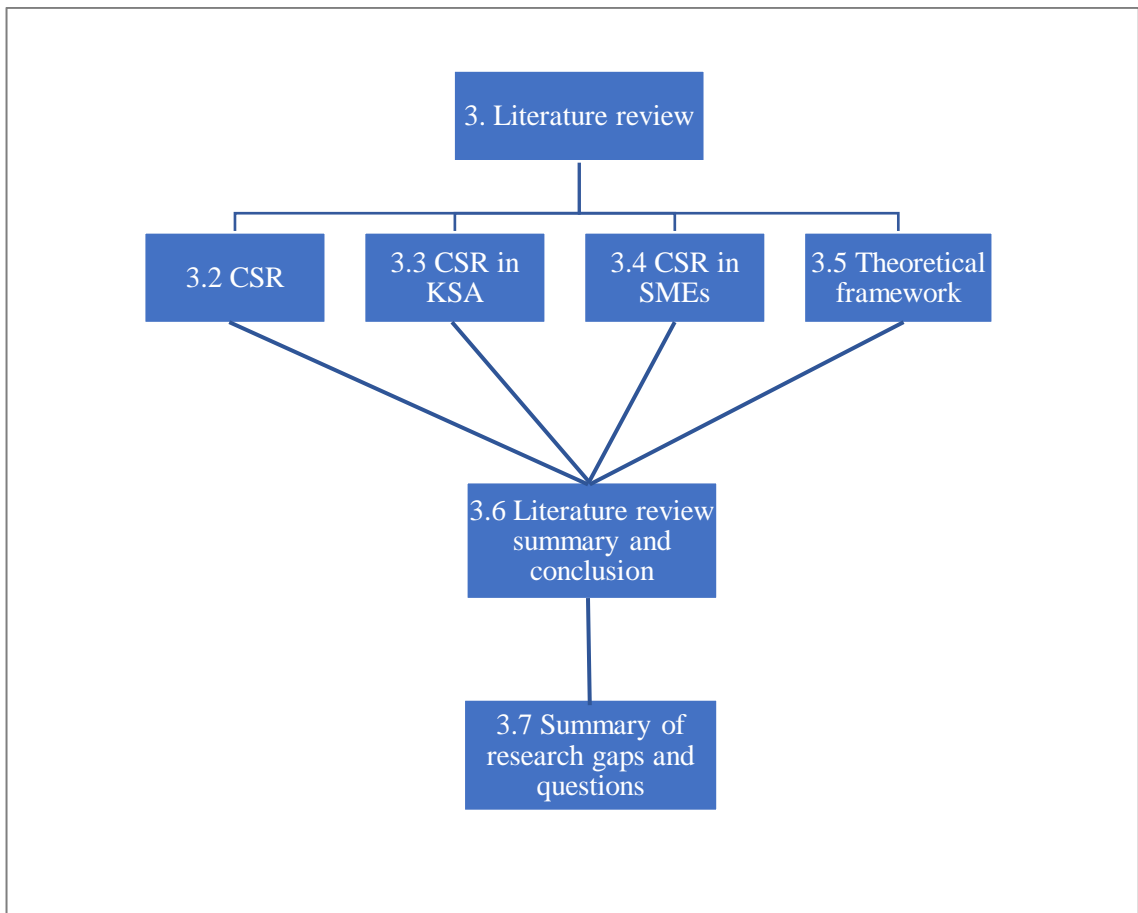
3.2 Corporate Social Responsibility (CSR)

3.2.1 Introduction

The aim of section 3.2 is to examine the academic debates on the CSR concept by reviewing existing literature on CSR definitions, how the concept came into existence and evolved over time, and its theorisation and applications, both in developed and developing country contexts. This is an essential step in any research journey to inform the researcher of the knowledge needed to effectively guide research efforts, and to assist in comprehending and explaining the research outcomes.

3.2.2 CSR definition(s)

CSR is a common concept used by academics and practitioners in the business field as a framework to describe the relationship between business and society (Carroll 2015). Yet, it is a hard concept to delineate (Moon 2004) and is an "*essentially contested concept*" as described by Broomhill (2007, p. 6). Many scholars agree that CSR is a blurry, ambiguous, and broad concept that can be perceived as addressing different topics by different people across various contexts (Zenisek 1979; Lantos 2001; McWilliams et al. 2006; Smith and Lenssen 2009). It is also used interchangeably with other terms such as business ethics, corporate citizenship, stakeholder management, and sustainability (Carroll and Shabana 2010; Carroll 2015). Hence, it is described as a "*cluster concept*" (Windsor 2013, p.1939). There is still no consensus on a single definition of CSR (Lockett et al. 2006; Frynas and Yamahaki 2016). For example, some scholars define CSR from a value creation perspective by stating that CSR is the commitment of businesses to utilise their resources for societal benefits (Snider et al. 2003), while McElhaney (2009) focuses on the strategic element of CSR, and Kotler and Lee (2005) highlight the discretionary dimension of the term (see Table 3.2). The interpretation of CSR by an organisation like the World Business Council for Sustainable Development (WBCSD 2000, p. 3) underscores the social and economic dimensions (see Table 3.3). Hence, any version of CSR can be disputed by those who oppose it (Broomhill 2007). The broad nature of CSR is clearly highlighted in Votaw's (1973) statement:

> *'The term [social responsibility] is a brilliant one; it means something, but not always the same thing, to everybody. To some, it conveys the idea of legal responsibility or liability; to others, it means socially responsible behaviour in an ethical sense; to still others, the meaning transmitted is that of "responsible for" in a causal mode; many simply equate it with a charitable contribution; some take*

it to mean socially conscious; many of those who embrace it most fervently see it as a mere synonym for "legitimacy," in the context of "belonging" or being proper or valid; a few see it as a sort of fiduciary duty imposing higher standards of behaviour on businessmen than on citizens at large" (Quoted in Carroll 1999, p. 280).

Dahlsrud (2008) analysed 37 CSR definitions introduced by academics and practitioners or quasi-practitioners and noted that these definitions consistently include at least three of the following CSR dimensions: social, voluntariness, stakeholder, economic and environmental. A brief description of each dimension is provided in Table 3.1. Dahlsrud (2008) argues that although CSR definitions use different phrases, they are mostly consistent, making a commonly accepted CSR definition less problematic, but they fail to provide guidance to understand how CSR is socially constructed in different settings.

Table 3.1 The five CSR dimensions for SMEs (Dahlsrud 2008)

CSR dimension	Description
The environmental dimension	Refers to the impact of the business on the environment.
The social dimension	Refers to the relationship between business and society at large.
The economic dimension	Refers to the economic contribution as part of CSR activities.
The stakeholder dimension	Refers to the interaction of the business with their stakeholders, i.e. employees, suppliers, customers, and communities.
The voluntariness dimension	Refers to the actions beyond legal obligations including ethical behaviour in business transactions.

CSR definitions from academic research tend to be highly conceptual and relate CSR to other concepts such as corporate social responsiveness or corporate social performance (CSP). Table 3.2 illustrates some significant CSR definitions from academic literature from the past half-century.

Table 3.2 CSR definitions in academic research

Author	Definition
Bowen (1953)	*CSR refers to the obligations of businesspeople 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.*
Frederick (1960)	*Social responsibility, in the final analysis, implies a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms.*
Friedman (1962)	*There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.*
Sethi (1979)	*Social responsibility implies bringing corporate behaviour up to a level where it is congruent with the prevailing social norms, values, and expectations of performance.*
Carroll (1979)	*The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organisations at a given point in time.*
Jones (1980)	*CSR is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract.*
Reder (1994)	*CSR is an all-encompassing notion; it refers to both the way a company conducts its internal operations, including the way it treats its workforce, and its impact on the world around it.*
McWilliams and Siegel (2001)	*Actions that appear to further some social good, beyond the interest of the firm and that which is required by law.*
Kotler and Lee (2005)	*The commitment to improve community well-being through voluntary business practices and contributions of corporate resources*
McElhaney (2009)	*CSR is a business strategy that is integrated with core business objectives and core competencies of the firm, and from the outset is designed to create business value and positive social change and is embedded in day-to-day business culture and operations.*
Aguinis (2011)	*Context-specific organizational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance.*

Source: Compiled by the researcher

In comparison, representatives of business organisations tend to be more practical in their interpretation of CSR, considering sustainability and stakeholders' involvement as central issues for the role of business in society. Table 3.3 introduces some key CSR definitions by business and civil society organisations.

Table 3.3 CSR definitions by business and civil society representatives

Organisation	Definition
World Business Council for Sustainable Development (2000)	*The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.*
Commission of the European Communities (2001)	*A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.*
The Corporate Responsibility Coalition (CORE) (2003)	*As an 'organ of society', companies have a responsibility to safeguard human rights within their direct sphere of operations as well as within their wider spheres of influence.*
International Organization for Standardization (ISO) 26000 (2010)	*The responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that: contributes to sustainable development, including health and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organization and practised in its relationships.*
Savola Group (2020)	*A concept that enables us to evaluate our impact on society. As part of CSR, we ask ourselves whether we are behaving responsibly towards our employees, customers, shareholders, and the wider societies in which we operate. At Savola, we have always believed that profits should go hand in hand with ethical business practices. It is a philosophy we summarize in our brand purpose: "Value Built on Values."*
Saudi Electricity Company (2020)	*Integration of the environmental, economic, and community issues into the Company's cultural and economic values, and its operations and decisions in all levels of administration in order to achieve the objectives of sustainable development.*
Saudi Basic Industries Corporation, Sabic (2020)	*We understand that our actions and vision play a foundational role in ensuring the success of future generations. Progress requires that we invest in the regions and locations where we operate, building healthy, resilient communities. We provide financial and societal benefit to our communities through employment, direct and indirect economic stimulation from our business activities, as well as charitable giving and social responsibility initiatives.*

Source: Compiled by the researcher

For the purpose of this study, the researcher decided to employ the CSR definition adopted by the Saudi Arabian General Investment Authority report, (SAGIA 2008, p. 4), which was introduced by Kytle and Ruggie (2005) of the Corporate Social Responsibility Initiative at Harvard Kennedy School of Government:

> *"Corporate social responsibility encompasses not only what companies do with their profits, but also how they make them. It goes beyond philanthropy and compliance and addresses how companies manage their economic, social, and environmental impacts, as well as their relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community, and the public policy realm"*

Using a definition adopted by a government agency such as SAGIA would allow for productive engagement between researchers, practitioners and policy makers who are addressing the same topic within the same context, i.e. CSR in KSA. Further, this definition is useful because it demonstrates the multi-faceted nature of CSR and emphasises its comprehensive approach to describing the relationship between businesses and society. It also includes (explicitly or implicitly) the CSR components that have been identified in the literature such as Carroll's (1979) and Carroll's (1991) CSR models which encompass economic, legal, ethical and discretionary/philanthropic responsibilities; and Dahlsrud's (2008) CSR dimensions, namely; social, voluntariness, stakeholder, economic and environmental dimensions.

After introducing the CSR definition adopted in this research, it is important to trace back the history of the concept, discuss its evolution so far, and consider its future development. These topics and other key issues and debates around CSR will be reviewed thoroughly in the next sections. They will also be revisited and examined in the discussion sections of chapters 5-6, in light of the research findings.

3.2.3 Historical evolution of CSR

The current research highlights that CSR is a socially constructed phenomenon that has evolved over time. The roots of CSR can be traced back hundreds of years, but for practical purposes, the following review focuses mainly on the most significant events in the past six decades, which are considered as the modern era of CSR (Carroll 2015). However, it might be useful to introduce some CSR initiatives and practices prior to the 1950s. The review is structured chronologically on a decade-by-decade basis and includes the major contributions to CSR discourse by the most cited authors in the discipline. Figure 3.2 summarises the stages of development of the CSR concept, providing a snapshot of how CSR literature evolved in the last few decades.

Figure 3.2 Historical evolution of CSR

Historic evolution of CSR

Orientation of CSR Understanding

Philanthropic foundation	Acceleration and operationalisation	Recognition & Strategic implementation
Smith's (1761) Theory of Moral Sentiment	The triple concentric model (1970)	The UN Global Compact (2000)
Philanthropy, stewardship behaviour and charitable activities	Domains of responsibilities (Carroll 1979)	Strategic CSR (Lantos 2001)
Business power and its impact on social development (Berle and Means 1932)	Boundaries of responsibility (Jones 1980)	CSR as a source of competitive advantage (Porter and Kramer (2006)
	Stakeholder theory (Freeman 1984)	Strategic CSR Principles (Heslin and Ochoa 2008)

Prior to 1950s — 1950s-1960s — 1970s-1980s — 1990s — 2000s — 2010 and beyond

Moral obligation	Globalisation & Managerial implications	Creating shared value
Bowen's (1953) Social Responsibility of the Businessman	The model for Corporate Social Performance (Wood 1991)	Shared value creation (Porter and Kramer 2011)
identify the wider responsibility of businesses (Frederick 1960; McGuire 1963)	CSR pyramid (Carroll 1991)	The third generation of CSR (Trapp 2012)
Shareholder model, profit seeking orientation (Levitt 1958, Friedman 1962)	the association Business for Social Responsibility (BSR) (1992)	The emergence competing and complementary concepts (Carroll 2015)
	The triple bottom lines (Elkington 1994)	

Source: Developed by the researcher

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3.2.3.1 CSR prior to 1950s: philanthropic foundations

Some form of CSR activities was evident prior to the 1950s. Business executives realised that their role, as members of society, is not only to seek profit but also to give back to their communities. For instance, an early management theorist, Chester Barnard (1938), describes commercial enterprises in his remarkable book *"The Function of the Executive"*, as having multi-faceted purposes including the generation of jobs and contributing to the welfare of society. Other early academic contributions to social responsibility include Clark's (1939) *"Social Control of Business"*, and Kreps' (1940) *"Measurement of the Social Performance of Business"*. Consequently, foundations were established to elevate the welfare of society. Religions were sometimes a significant factor that motivated businesses to think about social causes. A good example of this is the Quakers who in the early industrial revolution combined an entrepreneurial spirit with a more caring outlook than many other types of industrialist. According to Murray-Rust (1995) *"Quakers became known for integrity both in personal relationships and in business affairs; they honoured contractual promises and they maintained fixed prices for goods . . ."* (cited in Hemingway and Maclagan 2004, p. 37). Hence, philanthropy, stewardship behaviour and charitable activities were an effort to mitigate the social harm following the discrimination of early industrialisation (Moon et al. 2005). This is mirrored in the academic writing on the role of businesses in society since the 1700s. For example, the opus of Adam Smith (1761), *"Theory of Moral Sentiment"*, advocates that self-interest and sympathy are common traits amongst humans, and this would eventually create a beneficial relationship between business and society (Ibrahim 2014). Carroll (2008, p. 20) argues that the period of the Industrial Revolution, in the mid-to-late 1800s, provided *"context rather than detailed content"* for CSR development. He added that the focus of businesses in this era was on how to improve their employees' productivity. However, it was unclear whether this was motivated by business or social reasons. Further, two Harvard professors, Berle and Means (1932) were among the first academics to pave the way for a contemporary understanding of CSR in the 1930s. Their book *"The Modern Corporation and Private Property"* was a response to the corporate irresponsibility that contributed to the great depression in the U.S economy in 1929. While their main discussion revolves around business power and its impact on social development, they implicitly refer to the benefits of accountability and transparency, which are among the core characteristics of modern CSR.

3.2.3.2 The 1950s and 1960s: moral obligation

According to Carroll (2015), the period of the 1950s marks the start of CSR's modern era. In a reaction to the prevailing idea that viewed profit-orientation as the primary goal of businesses, this period witnessed a rise in consumer power and a dramatic change in the expectations of society (Kakabadse et al. 2005; Ibrahim 2014). This change brought about an academic expansion aiming to study this new relationship between business and society. The first use of the term 'social responsibility' in the literature is attributed to Howard Bowen. In his legendary book "*Social Responsibility of the Businessman*", Bowen (1953) urges businesspeople to consider their wider role in society which extends beyond pure profit-seeking. This is reflected in his definition of the social responsibility of businessmen (see Table 3.2). Generally, Bowen maintains that social responsibility is more of a long-term guiding strategy than a short-term remedy for businesses to tackle social problems (Carroll 2008). For his noted contribution to the CSR literature, he has been referred to as the "*father of Corporate Social Responsibility*" (Carroll 2008; Aminu et al. 2015).

Drucker (1954) is another key author who supports Bowen's view regarding the ethical obligation of businesses towards society. He suggests that businesses should include public responsibility as one of their key objectives. In this respect, Drucker asserts in his book "*The Practice of Management*" that business management "*must consider the impact of every business policy and business action upon society. It has to consider whether the action is likely to promote the public good, to advance the basic beliefs of our society, to contribute to its stability, strength and harmony*" (Drucker 1954, p.388).

To summarise what CSR entailed in this decade, Frederick (2006) noted three core ideas that dominate the CSR discourse in the 1950s: business managers are considered as public trustees, finding a balance between competing claims and corporate resources, and viewing philanthropy as a business contribution to the well-being of society. However, CSR was rarely discussed as a strategic instrument that may benefit the business during this period (Carroll and Shabana 2010).

By the late 1950s, the opposition to the idea of CSR was led by Levitt (1958) who warned the business community about the negative consequences of social responsibility. Levitt (1958) argues that social concerns are the responsibility of the government and not businesses. He worried that concerns about social responsibility would put a burden on firms, detracting them from attaining their main goal, which is seeking material gains. Regardless of Levitt's warnings, CSR continued to expand and take more significant

shape in the 1960s. Some influential contributors to the early definition of CSR in this decade include William C. Frederick, Keith Davis, Clarence C. Walton and J.W. McGuire. Despite their different explanations of CSR, these authors consistently agree that the responsibility of businesses must extend beyond the financial. For instance, Davis (1960, p. 70) states that *"social responsibility refers to the businessmen's decision and action taken for reasons, at least, partially beyond the firm's direct economic and technical interest"*. He also suggests that investing in society could possibly provide businesses with economic benefits in the long term. Further, the definition of Frederick (1960) (see Table 3.2), highlights that managers should consider the interests of society while serving the interests of the business. This approach was supported by McGuire (1963) who focused in his book '*Business and Society'* on the obligations of businesses towards employees, social welfare and societal education.

Davis (1967) revisited his own interpretation of CSR. He asserts that there is a positive relationship between business and society indicating that healthy businesses cannot exist without a healthy society. In the same year, Walton (1967) introduced the notion of 'voluntarism' in his book '*Corporate Social Responsibilities'*. He accepts that social responsibility is a voluntary action of corporations as investing in CSR may not have measurable economic benefits.

Friedman (1962) is one of the most widely cited critics of the idea of CSR. He describes the concept as a "*fundamentally subversive doctrine*". In his view, the sole responsibility of any business is to maximise its shareholders' profit. However, many scholars have criticised and challenged his extreme approach. The best example is probably Mulligan (1986), who maintains that Friedman's case is unsound because it is *'based on a questionable paradigm; a key premise is false; and logical cogency is sometimes missing'* (p. 265). Mulligan (1986, p. 265) argues that *'a commitment to social responsibility can be an integral element in strategic and operational business management without producing any of the objectionable results claimed by Friedman'*.

Generally, these two decades may be described as the introductory stage of the modern CSR concept as academic discussions were attempting to identify the wider responsibility of businesses that extends beyond their legal and economic interest (e.g. Frederick 1960; McGuire 1963). Further, it seemed that the approach to CSR in this period was notable for a greater emphasis on talk rather than action; most of these actions were restricted to philanthropic initiatives that mainly stemmed from the sense of moral obligation towards society (Lee 2008; Carroll and Shabana 2010).

3.2.3.3 The 1970s and 1980s: acceleration and operationalisation

The literature referring to CSR increased considerably in the 1970s and 1980s. The book by Harold Johnson (1971) *'Business in Contemporary Society: Framework and Issues'* was one of the 1970s' early writings that examined and analysed various CSR definitions. In his view, Johnson (1971, p. 50) considers that "*a socially responsible firm is one whose managerial staff balances a multiplicity of interest. Instead of striving only for larger profit for its stockholders, a responsible enterprise also takes into account employees, suppliers, dealers, local communities, and the nation*".

Johnson again adds a second definition of CSR by asserting that "*social responsibility assumes that the prime motivation of the business firm is profit maximisation, but business seeks multiple goals rather than only profit maximisation*" (Johnson 1971, p.59). He further proposed a list of potentially interested groups in the business. This can be considered as an introduction to what later became known as 'stakeholder theory' as Johnson thought that businesses can prioritise their goals according to the importance of each interested group.

In the early 1970s, a significant contribution to CSR discourse was made by the Committee for Economic Development (CED) in a response to the recession and inflation that hit the US market in 1970, in addition to the growing public criticism that resulted from corporations' misbehaviour in the late 1960's, e.g. oil spills, factory pollution, and toxic dumps (Latapí et al. 2019). The CED presented a triple concentric model for CSR. In this model, the inner circle represents the clear-cut basic responsibilities for ensuring the effective implementation of economic functions, e.g. productivity, job creation, and economic growth. The intermediate circle involves responsibility for implementing these economic functions in accordance with changing social values, e.g. conservation of energy, relationship with employees, equality, and workplace safety. The outer circle comprises any emerging responsibility that is still yet to gain shape and businesses are assumed to be broadly involved with enhancing the social environment. According to Carroll (1999), the CED model was significantly influential because it involved both business members and academics and thus mirrored practitioners' perspectives on the dynamic relationship between business and society.

During the 1970s, an enlightened self-interest model appeared in CSR discourse and research orientation shifted from being normative to a more positive stance towards CSR issues (Lee 2008). Several scholars reinforced their previous work to reflect this new shift in CSR orientation. For example, Friedman (1970) supplemented his previous work in

1962 by agreeing with free-market rules and ethical actions in CSR. He also acknowledged that business can carry out some social activities if they have long-term returns. Similarly, the notion of the 'Iron Law of Responsibility' was a result of Davis's (1973) return to his previous work in 1967. In this reinforcement, Davis (1973) demands that businesses use their social power responsibly, otherwise, they will lose their position in society as it will become occupied by other groups in the long run. Many published works in the 1970s focused on explaining ways for engaging with CSR activities without compromising the economic interests of the business. Ackerman (1973), for instance, is among those who examined internal factors of a business to be able to come up with integration mechanisms to solve social problems. Fitch (1976) similarly argues that companies should identify and manage social issues that are relevant to them.

The unlimited use of the term CSR in the 1970s created confusion with respect to its definition. This confusion lasted until it was addressed by Carroll (1979), who introduced what arguably became one of the best known and most comprehensive definitions, addressing different views on CSR. Carroll (1979, p. 500) states that *"corporate social responsibility encompasses the economic, legal, ethical, and discretionary expectations that society has of organisations at a given point in time"*. The significance of Carroll's definition is two-fold. First, it builds on other previous works, including the CED model, thereby offering a compendious conceptualisation of the term that can fit any context. Second, economic and legal responsibilities were viewed as integral parts of CSR in Carroll's definition and they are not seen as incompatible trade-offs, unlike other views such as that of Davis (1973) who claims that CSR starts where the law ends.

In the 1970s, there was a significant increase in CSR legislation, aiming to regulate firm behaviour regarding social issues. However, a new school of thought was introduced in the 1980s led by the Reagan and Thatcher administrations, aiming to reduce pressure on corporations by lowering the inflation rate that both America and the UK were experiencing (Feldstein 2013). This resulted in reducing the government's intervention to regulate private sector behaviour regarding CSR issues. However, this was met by a significant increase in the number of interested groups that were still demanding that firms meet their social obligations. Consequently, scholars started to examine CSR from a different angle that involved these interested groups, who were later portrayed as stakeholders (Latapí et al. 2019). Therefore, the 1980s saw a growing interest in businesses attending to social issues and responding positively to their stakeholders. During this time, researchers were busy developing new CSR definitions and alternative

or compatible concepts that could add extra dimensions to CSR. Examples of these concepts include corporate citizenship, business ethics, stakeholder management, and Corporate Social Performance (Moura-Leite and Padgett 2011).

A significant contribution was made by Thomas M. Jones in 1980, who put more emphasis on the CSR decision making process rather than the concept itself. The view of Jones (1980) inspired other researchers to focus on developing new models and methods that could examine the operational side of CSR. A remarkable example of this shift in the CSR debate is the work of Tuzzolino and Armandi (1981), which created a tool for evaluating CSR by integrating both Carroll's (1979) CSR construct and the hierarchy of needs model of Maslow (1954). Tuzzolino and Armandi (1981) argue that the social performance of firms can be evaluated through five criteria; namely, profitability, organisational safety, affiliation and industry context, market position and competitiveness, and self-actualisation. Another example is Wartick and Cochran (1985), who extended Carroll's (1979) CSR construct into a model of principles, processes, and social policies.

While scholars were busy developing new frameworks that can improve CSR operationalisation, the landmark book of R. Edward Freeman, '*Strategic Management: A Strategic Approach*', published in 1984, offered the foundation for stakeholder theory which has become a widely used tool for both academics and business practitioners to explain and assess a company's approach to social responsibility.

The work of Edwin M. Epstein describes CSR as *'achieving outcomes from organisational decisions concerning specific issues which have a beneficial rather than adverse effect on pertinent corporate stakeholders'* (1987, p. 104). Three concepts; namely, social responsibility, social responsiveness, and business ethics were integrated into one term called by Epstein (1987) the 'corporate social policy process'.

The operationalisation theme of CSR during the 1980s was a reaction to new societal concerns that started to draw the attention of the international community. This is reflected in several events aimed at highlighting the significance of sustainable development and the need for regulating corporate behaviour. Examples of these events include the establishment of the European Commission's Environment Directorate-General (1981), the creation of the World Commission on Environment and Development (1983), which later produced the report *'Our Common Future'* that moved the concept of pursuing development that was economically, socially and environmentally sustainable into mainstream business and policy discourse and presented a definition of sustainable

development (WCED 1987), and the Montreal Protocol (1987), which was adopted by the United Nations. Although these events were not framed explicitly as CSR, they added weight to the CSR movement and paved the way for the international community to globalise CSR in the following decade.

3.2.3.4 The 1990s: CSR globalisation

The global aspect of CSR gained momentum during the 1990s as a result of the expansion of multinational companies (MNCs), which saw CSR emerging as an effective tool to mitigate risks associated with the increasing global competition, visibility, and pressure from wider groups of stakeholders (Carroll 2015). In this decade, the institutionalisation of CSR was strengthened as many MNCs realised that CSR had the ability to balance both opportunities and risks resulting from expansion into the global market. A noteworthy example of CSR institutionalisation is the establishment of the association Business for Social Responsibility (BSR). This association started with 51 firms in 1992, with the aim of being a *"force for positive social change - a force that would preserve and restore natural resources, ensure human dignity and fairness, and operate transparently"* (Business for Social Responsibility 2018, para. 2).

The evolution of CSR as a construct did not match the rapid development of CSR institutionalisation in the 1990s (Carroll 1999). However, a noteworthy contribution was made by Wood (1991), who revisited both models of Carroll (1979) and Wartick and Cochran (1985) because she believed that there is a need for a unified conceptualisation of CSR. In doing so, Wood (1991) developed a model for Corporate Social Performance with three dimensions. The first is the principles of CSR, which involves legitimacy, public responsibility, and managerial discretion. The second dimension is the processes of corporate social responsiveness. This dimension is concerned with environmental assessment, stakeholder management, and issues management. The last dimension is defined as the outcomes of corporate behaviour. This dimension includes social programmes, social impact, and social policies.

In the same year, Carroll (1991) reviewed his earlier definition of CSR and formulated a CSR pyramid that includes four responsibilities: economic, legal, ethical, and philanthropic responsibilities (see below, figure 3.3). Although there was no change apart from the change from discretionary to philanthropic, this pyramid was more of a suggestion of hierarchy by codifying what managers did in practice and therefore was more helpful in terms of teaching and discussing CSR.

Figure 3.3 The pyramid of Corporate Social Responsibility


```
         PHILANTHROPIC
         Responsibilities

      Be a good corporate citizen.
        Contribute resources
          to the community;
       improve quality of life.

          ETHICAL
        Responsibilities

           Be ethical.
  Obligation to do what is right, just,
         and fair. Avoid harm.

           LEGAL
        Responsibilities

          Obey the law.
  Law is society's codification of right and wrong.
      Play by the rules of the game.

          ECONOMIC
        Responsibilities

          Be profitable.
  The foundation upon which all others rest.
```

Source: Carroll (1991)

Another significant contribution to the CSR conceptualisation is the concept 'Triple Bottom Line', which was suggested by Elkington (1994) as a model for sustainable development, which incorporates environmental, social, and economic dimensions. Four years later, Elkington (1998) clarified that the triple bottom line performance can be optimised through a powerful partnership between public and private sectors, as well as stakeholders. Elkington's (1994) model continued to be a practical tool for businesses to evaluate their contribution to sustainable development. It has also remained relevant to CSR discourse because it combines social and environmental dimensions, which need to be balanced with the economic performance of the organisation.

3.2.3.5 The 2000s: recognition, strategic implementation, and criticism

This section is divided into two themes due to the amount of CSR related events during the 2000s. One theme highlights the increased global recognition and expansion of CSR, while the other addresses the growing focus of academic publications on the strategic implementation of CSR.

Prior to 2000 there were only limited attempts by public figures to promote the notion of CSR. President Reagan, for instance, encouraged private businesses to play a key role in CSR and implement more socially responsible practices to improve economic growth in the 1980s, while President Clinton promoted CSR by taking a leading role in establishing the Ron Brown Corporate Citizenship Award in 1997 (Latapí et al. 2019). However, it was not until the late 90s that CSR drew the attention of the broader global community with a speech by the United Nations Secretary-General Kofi Annan, who proposed an initiative to stimulate companies to foster greater CSR. Consequently, the UN Global Compact (UNGC) was established in the year 2000 to address social and environmental challenges on a global level. The goal of the UNGC was to persuade business firms to embrace ten social and ecological principles to demonstrate their commitment to CSR, to establish social legitimacy, and to contribute to the UN's broad strategy on sustainable development. The first two principles emphasise the firm's respect for international human rights and the avoidance of human rights abuse. Principles 3 to 6 are related to labour rights recognition. Principles 7 to 9 are concerned with environmental issues. The last principle highlights the significance of fighting corruption in all forms. MNCs are required to adhere to these principles within their "sphere of influence" (Adeyeye 2011). However, the "sphere of influence" is not determined by the UNGC, which created a debate among scholars and practitioners. Consequently, a Special Representative to the UN Secretary-General (SRSG) was assigned to investigate and clarify the implications of terms like 'sphere of influence' (Ruggie 2008).

ISO26000 is another prominent international standard that was introduced in 2002 with the aim to promote the CSR agenda in business. This non-mandatory standard provides guidelines on significant CSR areas. The core components are governance, labour and their health and safety, market and consumer issues, human rights, environment, unfair business practices, stakeholder engagement and social development (Castka and Balzarova 2008). The ISO26000 documentation was introduced in 2010, with an aim to better integrate CSR practices into corporate strategy, taking into account stakeholders' interests (Dankova et al. 2015). Unlike other standards initiated by the International Organisation for Standardization (ISO) such as ISO9000 and ISO14000, ISO26000 is distinct in two significant aspects. First, ISO26000 is not developed as a management system standard, but as a guidance standard, and is not intended to provide third party certification. This shift was a result of an extended debate with stakeholders participating in the design of ISO26000. Second, ISO26000 is a non-binding standard and uses more

'friendly' language compared to other standards, i.e. using 'shall' instead of 'should' (Castka and Balzarova 2008).

Moving beyond the global interest in the promotion of the CSR agenda, the 2000s witnessed a significant contribution to the CSR debate through academic publications. In 2001, Craig Smith (2001) defined CSR by explaining that *'Corporate social responsibility (CSR) refers to the obligations of the firm to its stakeholders – people affected by corporate policies and practices. These obligations go beyond legal requirements and the firm's duties to its shareholders. Fulfilment of these obligations is intended to minimize any harm and maximize the long-run beneficial impact of the firm on society'* (p. 142). This definition inspired other scholars to view CSR as an integral part of business strategy. This was reinforced by Lantos (2001), who argued that during the new millennium stakeholders would expect businesses to integrate social concerns within their strategy. Further, complementing Smith's (2001) CSR conception, Lantos suggests that *"CSR entails the obligation stemming from the implicit 'social contract' between business and society for firms to be responsive to society's long-run needs and wants, optimizing the positive effects and minimizing the negative effects of its actions on society"* (2001, p. 9). Therefore, social activities can be strategic when they are included in the firm's goals for making profits. As such, the firm should participate in social activities that would be financially rewarding, unlike the comprehensive CSR approach of the triple bottom line (Lantos 2001). Perhaps Lantos (2001) paved the way for other scholars to link strategy with CSR by examining the boundaries of CSR in terms of its potential financial returns. Accordingly, the term Strategic CSR started to gain popularity among other scholars (e.g. Werther and Chandler 2005; Porter and Kramer 2006; Husted and Allen 2007).

In 2006, four arguments making the case for CSR were suggested by Porter and Kramer. The first entails that firms are obliged to act morally as 'good citizens' by doing the right thing, while their second argument is related to sustainability, underscoring environmental and societal development. The third is the concept of the license to operate, which entails that each firm needs approval from different stakeholders, e.g. government and community, to conduct business. The final argument is reputation, which justifies companies' engagement in CSR initiatives to improve their image, boost their employees' morale, and strengthen their brand. According to Porter and Kramer (2006), companies can deal with their competitive context using a strategic approach that enables them to address social issues while achieving a competitive edge. This approach divides the

company's social involvement into two parts as illustrated in Figure 3.4. The first part involves looking *inside-out* to determine the social impact of the company's value chain and try to focus on the most rewarding CSR activities. The second part is an *outside-in* approach, which evaluates the influence of the surrounding social context on the company's operation then works on engaging with philanthropic activities that improve the competitive context of the company.

Figure 3.4 The strategic CSR approach of Porter and Kramer (2006)
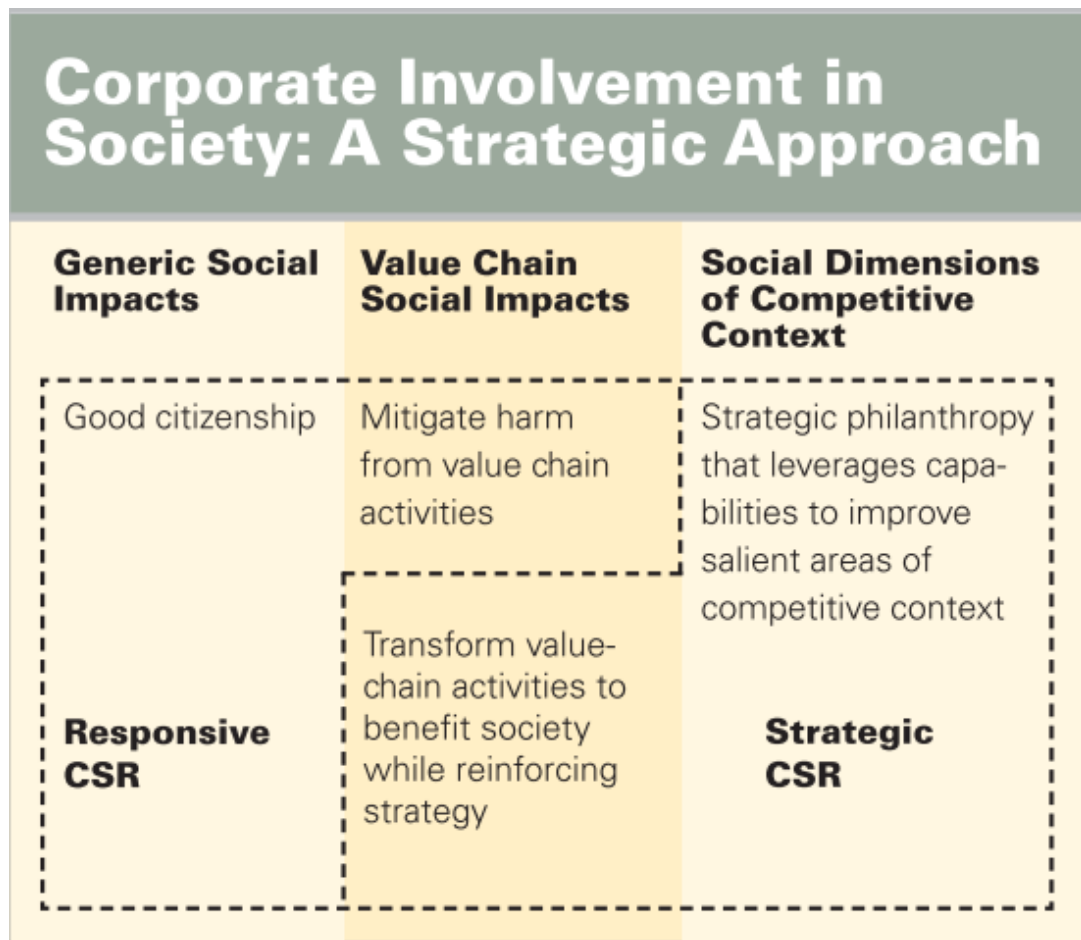
The framework of Porter and Kramer (2006) can arguably be considered as a new way of viewing strategic CSR as a means to optimise the relationship between business and society via a comprehensive approach that can turn the social engagement of the company into a competitive advantage. Porter and Kramer (2006) claim that if a company uses CSR to only achieve classic benefits, i.e. enhancing reputation, or meeting stakeholders' expectations, then it would hinder its potential to support society while advancing business gains.

The idea of attaining a competitive edge through strategic CSR is further reinforced by Heslin and Ochoa (2008), who argue that although the tailor-made strategic CSR activities are most efficient, they still follow common principles. To support their

argument, they examined 21 exemplary CSR initiatives and found that seven strategic CSR principles inform the strategic CSR approach of the chosen companies. Table 3.4 lists these principles along with the companies' names and the adopted CSR initiatives.

Table 3.4 Strategic CSR principles and exemplary practices.

STRATEGIC CSR PRINCIPLES	CORPORATION	EXEMPLARY STRATEGIC CSR PRACTICES
1. Cultivate needed talent	*Marriott*	Provide extraordinary career opportunities
	Microsoft	Nurture required IT talent
	GlaxoSmithKline	Expand access to medications
2. Develop new markets	*Philips Electronics*	Produce resource-efficient products
	Globe Telecom	Create first-time consumers
	Whole Foods	Specialize in organic products
3. Protect labor welfare	*Levi Strauss*	Replace exploitation with education
	Odegard & Rugmark	Certify ethical production
	Starbucks	Enhance farmers' productivity and welfare
4. Reduce your environmental footprint	*DuPont*	Create more value and less "stuff"
	Ethel M	Produce abundant life from wastewater
	Norsk Hydro	Renew raw materials
5. Profit from by-products	*Fuji Xerox*	Redesign products for learning and profits
	Shaw Industries	Adopt cradle-to-cradle manufacturing
	Manildra	Convert grain and starch waste to fuels and food
6. Involve customers	*Target*	Enable customers to improve education
	Hewlett-Packard	Reduce the environmental cost of IT use
	Patagonia	Educate and engage customers
7. Green your supply chain	*Nestle*	Optimize transportation
	Wal-Mart	Reduce packaging across the supply chain
	S.C. Johnson	Identify, publicize and reward greener alternatives

Source: (Heslin and Ochoa 2008)

The significance of the above CSR principles stems from the view that firms can enhance their potential for success while improving the society in which they operate. For example, cultivating needed talents means that by nurturing and retaining quality employees, companies can improve business performance while employees can achieve better career stability.

Some criticism of CSR has emerged during this decade and beyond as the concept becomes more mainstream and stretched. For example, several key terms have been established in academic literature, e.g. Greenwashing, Fair washing, Whitewashing, and image laundering, to describe attempts by companies to promote their public image by spending more money and time on marketing their CSR activities while spending far less minimising the adverse impact of their operations on society (Renard 2003; Broomhill 2007; Ilies 2012). This even becomes worse when some firms allegedly engage in CSR to hide harmful activities emerging from their core operations. As put by Doane (2005, p. 27) *'While companies are vying to be seen as socially responsible to the outside world, they also become more effective at hiding socially irresponsible behaviour, such as lobbying activities or tax avoidance measures'*. Further, some companies seem to have a

contradiction between their CSR activities and their actual business operations, leading to public cynicism of their CSR efforts (Jahdi and Acikdilli 2009). For instance, while some companies adhere to CSR principles such as equality and fair working conditions at their main office, they outsource some of their activities in countries where the same CSR principles are not observed (Mullerat 2010). The voluntary feature of CSR has also been criticized for being an inferior alternative to binding legislation (Broomhill 2007). Some radical views even accuse CSR of being pure rhetoric used only to boost public relations (Mullerat 2010).

3.2.3.6 The 2010s and beyond: creating a shared value

The notion of creating shared value (CSV) was proposed by Porter and Kramer (2011) as an alternative to the term CSR, asserting that CSV is a significant stage in the evolution of business and describe it as '*policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress*' (Porter and Kramer 2011, p. 2). For them, CSR is an outdated and narrow concept that was developed as a tool to enhance brand image, and therefore, it needs to be replaced with CSV.

Some might say that Porter and Kramer (2011) did not add directly to the evolution of CSR, but in fact called for a strategic change to the way companies approach social issues by aiming to put CSV as a main target for the company. This viewpoint is represented in what Trapp (2012) labelled the third generation of CSR, which she portrayed as the moment when social concerns are reflected in the core of business activities, even if some of these concerns may not be directly related to the core business, such as philanthropic activities. Although this might appear to be supporting Carroll's (1991) model, which assumes philanthropic responsibilities as the fourth level of the CSR pyramid, it is in fact predicated upon a different view of a firm's role within their social context. According to Carroll (1991), company engagement in philanthropic activities is on a voluntary and discretionary basis, and therefore, this kind of activity is less significant than the other three levels of responsibilities proposed in the CSR pyramid. In contrast, Trapp (2012) describes what she named the third generation of CSR as '*an outcome of the evolution of the roles and responsibilities of each sector of society in which the private, public and social sectors have become increasingly interdependent*' (cited from Latapí et al. 2019, p. 13). Trapp (2012) supports her conception of the third generation of CSR via a case

study of a Swedish government-owned energy company, which initiated a campaign aiming to mitigate the impact of climate change. The study found that although the company was addressing a global issue (out of its social context), it still somehow contributed to the company's business economic goals in terms of gaining first-mover competitive advantage, which reflects on the brand image. According to Trapp (2012), this exemplifies the new responsibilities adopted by businesses to create shared value.

The emergence of new competing and complementary concepts, e.g. stakeholder management, sustainability, corporate citizenship, business ethics, and creating shared value, tempted Carroll (2015) to examine these CSR related themes that have become part of the modern business vocabulary. He concludes that all of these concepts are interrelated and overlapping themes that have been incorporated in CSR, which is the benchmark and centrepiece of the socially conscious business movement.

The year 2015 can be viewed as the most CSR relevant of the decade as the United Nation General Assembly adopted the Sustainable Development Goals (SDGs) as part of the 2030 Agenda for Sustainable Development (Latapí et al. 2019). The seventeen SDGs represent a "new, universal set of goals to develop a global vision for sustainable development by balancing economic growth, social development, and environmental protection" (cited in ElAlfy et al. 2020, p. 4). Although the SDGs are non-binding goals for the private sector, the nations that adopt SDGs will have to introduce policies and regulations to force businesses to adopt sustainable business practices. This is particularly relevant given that the SDGs encompass range of dimensions including fighting poverty, climate change, innovation, and sustainable consumption (Latapí et al. 2019). This context offers a chance for strategic CSR to grow further in terms of conceptualisation and implementation as firms can adopt it as a strategic framework for creating shared value (Chandler 2019).

The future of CSR is likely to follow one of three scenarios; namely, the gloomy scenario, the hopeful, and the probable, as predicted by Carroll (2015). In the gloomy scenario, CSR might lose its significance and eventually disappear from the business scene. For this to happen, a devastating economic crisis hitting global business would be the probable cause. However, this scenario is unlikely to occur because, although the recent economic recession in 2008 did reduce the robustness of CSR, it did not cause it to disappear. In the hopeful or optimistic scenario, the interest and commitment to CSR would increase significantly around the globe, and CSR would go from transactional to transformational in nature. There is not expected to be radical progress in company

engagement with social issues, but there is likely to be an increase in the number of social enterprises whose core business goal is to meet social needs and solve social concerns. However, given the prevalence of traditional businesses, the hopeful scenario is doubtful (Carroll 2015). The probable scenario, though not the best for the CSR advocates, is speculated to be the most realistic in the near future. The evidence indicates that there will be a consistent and steady growth of CSR supported by three motivating factors; namely, business acceptance, global growth, and academic proliferation (Carroll 2015). However, CSR is anticipated to grow rapidly in developing countries because of the additional opportunities emerging as a result of their economic progress (Jamali et al. 2017). Figure 3.5 provides a chronological timeline summarising the key studies that have contributed to the CSR literature in the past six decades.

Figure 3.5 Summary of major contributions to CSR literature
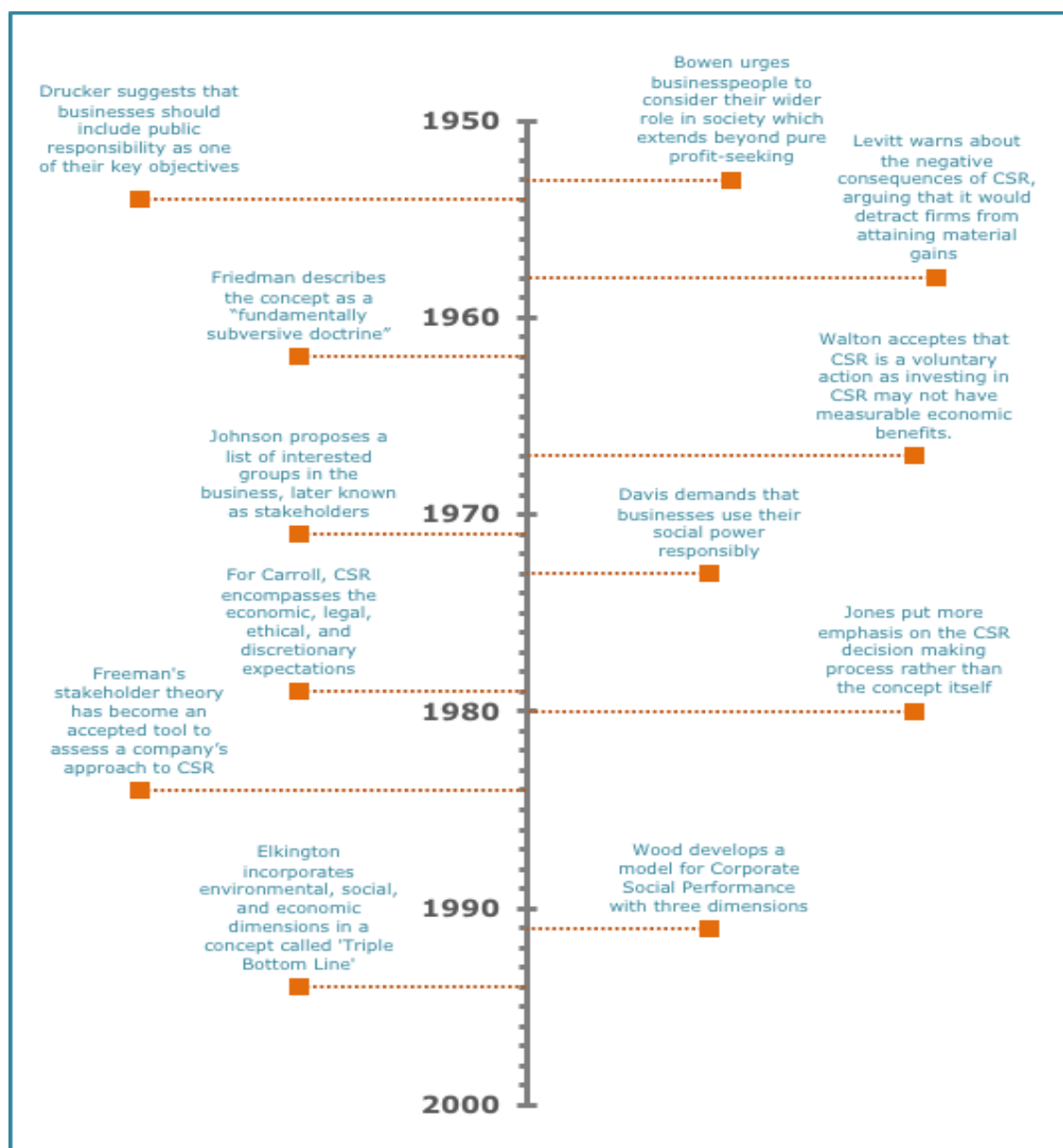
Figure 3.5 Summary of major contributions to CSR literature (continued)

The UNGC was established to address social and environmental challenges on a global level

Lantos paves the way for scholars to link strategy with CSR by examining the boundaries of CSR in terms of its potential financial returns

2000

Porter and Kramer asserts that strategic CSR can help companies achieve competitive advantage

2005

Heslin and Ochoa argue that although the tailor-made strategic CSR activities are most efficient, they still follow 7 common principles

Trapp portrays the third generation of CSR as the moment when social concerns are reflected in the core business, even if some of these concerns may not be directly related to the core business

2010

Porter and Kramer propose the notion of creating shared value (CSV) as an alternative to the term CSR

Carroll examines the competing concepts to CSR, concluding that they are interrelated, overlapping, and incorporated into CSR

2015

Chandler defines the generation of sustainable value as the main objective of strategic CSR

2020

Source: Developed by the researcher

3.2.4 CSR in developing countries

Most CSR studies focus on developed countries, while the number of studies conducted in the context of developing countries is limited (Kolk and van Tulder 2010) but rapidly growing (Jamali and Karam 2018). Visser (2008) explains that examining CSR in developing countries is compelling due to several reasons. One reason arises from the exponential economic growth of the markets in developing nations. Another reason involves the urgent need to address the increasing environmental and social crises, which developing countries suffer from more than developed countries. Additionally, there are dissimilarities between both developed and developing countries in terms of institutional structures and the way business is conducted, which would lead to different CSR agendas (Jamali and Neville 2011).

CSR in developing countries is generally described as less formal, more benevolent, highly influenced by local cultural settings and religious values, and is mainly concerned with local communities (Amaeshi et al. 2006; Visser 2008; Jamali and Neville 2011; Jamali and Karam 2018). CSR priority issues in developing countries differ from one region to another. The main region covered in studies concerning CSR in developing countries is Asia, with more emphasis on China (e.g. Lin 2010; Kuo et al. 2012; Harper Ho 2013; Xun 2013), India (e.g. Arevalo and Aravind 2011; Arora and Ali Kazmi 2012; Muller and Kolk 2015), Malaysia (e.g. Thompson and Zakaria 2004; Amran et al. 2013), and Indonesia (e.g. Fauzi et al. 2007; Rifai-Hasan 2009). According to Birch and Moon (2004), CSR activities among Asian nations are diverse, with a broad range of social issues being addressed, e.g. education, labour rights, and environmental concerns. Africa is another significant developing region. Most CSR publications in this continent focus on a South African context (e.g. Fig 2005; Ramlall 2012; Vivier 2013), followed by Nigeria (e.g. Renouard and Lado 2012; Dandago and Arugu 2014), and Ghana (e.g. Appiah and Abass 2014; Ofori et al. 2014). According to Visser (2008), most of the CSR debate in the African region revolves around combating corruption and fraud, and other geopolitical and historical issues such as colonialism and apartheid. Similar conclusions were reached by Jamali and Karam (2018), who conducted a systematic review of CSR literature in developing countries. Since the current study is conducted in a developing country located within the Middle Eastern (ME) region, it would be useful to elaborate more on CSR development in this region.

The Middle Eastern region is not clearly demarcated but it generally includes the countries in both the Arabian Peninsula and the Levant, as well as the state of Iran. The

geographic location of this region is a significant strategic advantage because it is considered as a crossroads for global trade, which is why it is constantly exposed to global influence. Although the location is still of substantial importance, some countries in the region started to attract MNCs to become a global hub for trade and industry. Therefore, many countries in the region are adapting their national business system to meet global business expectations (Visser and Tolhurst 2010).

In her overview of the state of CSR in the Middle East, Pelley (2010) states that compared to the Western conception of the term, CSR is still in the early stage of development. The most salient CSR practices in the region are those inspired by Islamic principles such as philanthropic activities. For many businesspersons in the region, CSR is used as an alternative term for charity. However, some traditional business practices correspond with the contemporary CSR foundations such as the sense of personal responsibility towards society and the role of trust in business. Pelley (2010) continues to claim that evidence for strategic CSR and long-term sustainability planning in the region is limited. She also argues that businesses do not benefit from philanthropic activities, possibly due to the traditional perception that charitable donations should stay confidential, owing to religious precepts, which discourage discussing and reporting charitable donations for personal or commercial gains. Further, Pelley suggests that the voice of consumers is nearly absent in CSR discourse. She speculates that this is due to the absence of pressure groups and the fact that economies in many states of the region are producer-driven instead of being driven by consumer demand. Hence, the sense of stakeholder engagement is generally lacking. Additionally, some resource-rich states in the region, e.g. United Arab Emirates (UAE), KSA, and Kuwait, are experiencing a rise in their expatriate population. Many of these expats are not planning to settle in their host countries, thus, they are not much concerned about improving the social conditions in the areas where they live (Pelley 2010). CSR priority issues in the Middle East include national employment, diet and lifestyle, labour rights, and environmental issues (Visser and Tolhurst 2010).

In a comprehensive literature review of CSR in developing countries, Visser (2008) identifies several internal and external drivers of CSR that distinguish CSR behaviour in developing countries from that in the developed world. Internal drivers refer to the influential factors on a national level and include cultural tradition, political reform, socio-economic priorities, governance gaps, crisis response, and market access. External drivers refer to the global factors that affect the CSR agenda within developing countries

and involve international standardisation, investment incentives, stakeholder activism, and supply chains.

Having reviewed the CSR evolution in developing counties, Visser (2008) concludes that the CSR model of Western countries does not necessarily reflect the social reality in developing countries. Hence, he adapted Carroll's (1991) CSR pyramid to explain how CSR is manifested in developing country contexts. Visser's (2008) CSR pyramid for developing countries still keeps economic responsibilities in the first level of importance. However, unlike Carroll (1991), who rates philanthropic responsibilities as the lowest priority, philanthropy is given the second highest emphasis, followed by legal and ethical responsibilities respectively. Figure 3.6 illustrates the CSR pyramid generated by Visser (2008) for developing countries.

Figure 3.6 CSR pyramid for developing countries

Source: Visser (2008).

Visser (2008) concludes his review of CSR in developing countries with the following points:

- Behaviour is mostly informal and lacks institutionalisation in terms of codes of conduct, standards, and reporting.
- Most formal CSR is practised by MNCs and large national companies, which tend to be influenced by international practices.
- CSR tends to be issue-specific, e.g. HIV, fair trade, or industry-led, e.g. mining, oil, agriculture.

- Philanthropy is the prevailing form of CSR with many charitable projects offered by businesses to tackle local social issues such as education, health, and the environment.

- Economic responsibilities are viewed as the most effective way to contribute to society through job creation, investment, and improving the local and national economy.

- Businesses often participate in social services that are assumed to be a state's responsibility in the developed world, e.g. building hospitals, schools, and investing in housing and infrastructure.

- CSR priority issues differ from those in developed countries. For instance, issues that need to be tackled in developing countries include combating corruption, reducing poverty, tackling HIV and other diseases, and enhancing work conditions.

- CSR practices are strongly influenced by religious and traditional values. For example, Islamic values in the Middle East, African humanism (Ubuntu), and the concept of social harmony in China.

A systematic review conducted by Jamali and Karam (2018) provides an updated insight into the current factors that influence CSR policies and practices in developing countries highlighting CSR's antecedents, i.e. factors that shape the CSR agenda, and consequences, i.e. outcomes of CSR policies and actions, at the institutional, organisational and individual levels.

At the institutional level, Jamali and Karam (2018) identify various antecedents that predict CSR behaviour. These include geopolitical concerns past and present, including legacies from the slave trade and colonial capitalism (Amaeshi et al. 2006; Khan and Lund-Thomsen 2011), and the role of international and civil society organisations (Newell 2005; Robertson 2009). Another antecedent is provided by political and governance issues including weaknesses in local policies and legislation (Boudier and Bensebaa 2011; Abdalla et al. 2013), governance problems and levels of corruption (Achua 2008; Adegbite and Nakajima 2011). Another category of antecedents is cultural system, societal values, and traditions including the impact of social and cultural values (Gugler and Shi 2009; Xu and Yang 2010; Dartey-Baah and Amponsah-Tawiah 2011), and religious and ideological influence (Rees and Miazhevich 2009; Gustavson 2011). With respect to CSR consequences, these are split between positive (Nwankwo et al. 2007; Okoye 2012) and detrimental impacts (Campbell 2012; Keig et al. 2015).

At the organisational level, identified antecedents include business ownership, structure, and organisational culture. However, the most recognised antecedent category is a business's motivations to engage with CSR (Chakrabarty and Erin Bass 2013; Roy et al. 2013). Other antecedent groups include business strategy (Zhang et al. 2010; Barin Cruz et al. 2015), and business primary stakeholders (Sandhu et al. 2012; Lund-Thomsen and Lindgreen 2014). With regard to organisational CSR consequences, a firm's CSR benefits were the most significant research area (Ahmad and Ramayah 2012; Zheng et al. 2014) with financial, environmental, and social performance all representing substantial areas of interest for researchers (Claasen and Roloff 2012; Kuo et al. 2012; Dumitrescu and Simionescu 2014).

At the individual level, CSR antecedents include managerial and personal values (Brammer and Millington 2006; Katamba et al. 2012), CSR awareness, understanding and expertise (Tian et al. 2011; Gupta and Hodges 2012), and other personal attributes and attitudes (Ramasamy et al. 2010; Cai and Aguilar 2014). In terms of individual CSR consequences, Jamali and Karam (2018) state that researchers focus on the better engagement and commitment of employees (Lin 2010; Bayoud et al. 2012), the improved attractiveness of the company (Duarte 2010; Kim et al. 2010), and the positive impression from stakeholders about CSR active companies (Auger et al. 2007; Puncheva-Michelotti et al. 2010).

Jamali and Karam's (2018) review concludes by remarking that CSR literature in developing countries has evolved into a substantial body of knowledge that sustains its uniqueness as distinct from the mainstream literature on CSR in developed nations. They also suggest that in order to comprehend CSR development in emerging economies, it is crucial to examine a range of political, socio-cultural, and economic factors that guide and influence businesses and market settings in these countries. Their review accentuates how the complex dimensions of CSR are locally shaped by a range of contextual factors, and how the relationship between business and society is adaptable and constantly changing. A similar conclusion was observed in a recent and more relevant study (Koleva 2020), which examined the impact of contextual specifications, e.g. Islamic culture, on CSR understanding and practice of firms in three Gulf Cooperation Council (GCC) countries; namely, KSA, UAE, and Oman. Koleva (2020) suggests that CSR is largely contextually bound and therefore, it should be investigated in the context of its practice to make sense of CSR and its implementation. Furthermore, Ibrahim (2014) asserts that the MENA (Middle East and North Africa) region has received the least attention in terms

of CSR research. The economic, sociocultural, and religious characteristics of this region are dissimilar to other developing countries that have been researched before. In spite of the similarities that link the MENA nations in terms of customs, traditions, religion, and language, there are still notable differences among them, particularly, with respect to income and wealth distribution creating opportunities for researchers to examine CSR in this region at a national level (Dahawy 2010). Hence, it can be argued that exploring CSR conceptualisation and understanding in different contexts, especially in understudied contexts like KSA, is important to fill this knowledge gap in CSR research.

3.3 CSR in KSA: A systematic literature review

3.3.1 Introduction

The literature on CSR is significantly large; for example, the term 'Corporate Social Responsibility' generates almost 2.3 million returns within Google Scholar. It also extends across a range of disciplines including economics, management, finance, development studies, ethics, and sustainability. Further, many other alternatives and competing terms, e.g. business ethics, sustainability, corporate citizenship, and stakeholder management, have emerged in the past decades among both academic and business communities to capture the essence of the business-society relationship (Carroll 2015). Although these attempts were made to distinguish various dimensions of the CSR construct, they are used interchangeably by business practitioners. They also substantially overlap in terms of their meanings and applications (Carroll 2015, p.95). However, CSR remains the most recognised notion that refers to the link between business and society. Carroll (2015, p.90) asserts that *'CSR has been in longer term use as an explicit framework to better understand the business and society relationship'*.

According to Jamali and Karam (2018), although the majority of CSR studies were conducted in developed countries, the focus on emerging countries has begun to gain ground recently. As already noted, most of these studies were conducted either in the Asia Pacific region, e.g. China and India, or in the Sub-Saharan Africa region, e.g. South Africa and Nigeria (Visser 2008), while the Middle Eastern region in general, and KSA in particular, has received relatively less attention (Razak 2015). Hence, the aim of this section is to systematically review and analyse studies carried out on CSR in KSA to date. The section is divided into three subsections. First, a summary of the search criteria and method of the review is presented. Second, the features of the reviewed publications are described. This includes a descriptive analysis of the publication year, publication source, document type, research type (conceptual or empirical), theories used, and the methodological approach used to address the research questions. The next section discusses the common issues investigated and the key findings presented by these studies, which shape CSR behaviour in KSA. The last section highlights the conclusions of this chapter and outlines their implications for this thesis.

3.3.2 The scope of the review and selection criteria

As stated earlier, CSR is a broad concept that includes many dimensions, and alternative or competing concepts. CSR literature is also broad and includes journal articles, books, conference papers, business magazines, and reports from international bodies and NGOs. Therefore, gaining a clear understanding of current knowledge about CSR with KSA is likely to be aided by addressing the relevant literature through a systematic literature review (SLR). SLRs generally follow a structured research procedure to sum up a given literature in a way that is helpful for addressing research gaps, outlining the existing body of knowledge, finding efficient research methods, and discovering specialists within a particular academic discipline (Fink 2005; Okoli and Schabram 2010).

The aim of this review is to evaluate the current state of a specific subject area, i.e. CSR development in KSA. The academic databases employed in this search were ProQuest, Emerald, Scopus, Tylor and Francis, and Google Scholar. Different combinations of relevant keywords, e.g. 'corporate social responsibility', 'social responsibility', 'CSR', 'Saudi', and 'Saudi Arabia', were used to retrieve published material. The selection of publications went through the following inclusion and exclusion criteria. First, a publication date range was not specified in order to collect the maximum possible studies of, presumably, an under-researched area. Second, only peer-reviewed articles were selected, excluding book chapters, book reviews, and conference papers. However, publication source was not restricted to top-ranking journals, as recognised by the Academic Journal Guide (AJG) of the Charted Association of Business Schools (CABS), because only three papers were from journals ranked in the AJG. Further, the language of the article must be written in English. Another inclusion criterion is that the article should be available for open access in one of the chosen databases. Finally, the article should address both CSR and KSA as the focal points of the study. Figure 3.7 demonstrates the different phases of the search process and the selection criteria in this review.

Figure 3.7 The process and the selection criteria of the SLR

All possible combinations between	Collections of publications (Emerald Insight-83, Proquest-25, Scopus-34, Taylor & Francis-3, Google Scholar-64)	Inclusion & Exclusion Criteria:
'Corporate social responsibility AND 'Saudi Arabia' OR 'Corporate Social Responsibility' AND 'Saudi' OR 'Social Responsibility' AND 'Saudi Arabia' OR 'Social responsibility' AND 'Saudi' OR 'CSR' AND 'Saudi Arabia' or 'CSR' AND 'Saudi'	Selection of articles (Emerald Insight-63, Proquest-15, Scopus-26, Taylor & Francis-3, Google Scholar-56)	a. The publication must be peer-reviewed article.
	Selection of articles (Emerald Insight-35, Proquest-15, Scopus-24, Taylor & Francis-3, Google Scholar-52)	b. The language of the article should be English
	Selection of articles (Emerald Insight-35, Proquest-15, Scopus-24, Taylor & Francis-3, Google Scholar-43)	c. The article should be available for open access in one of the chosen databases.
	Selection of articles (Emerald Insight-3, Proquest-14, Scopus-21, Taylor & Francis-3, Google Scholar-33)	d. The article should address 'CSR' and 'Saudi Arabia' as the focal point of the study.
Final number of reviewed papers -- 38	Collections of papers (after removing reoccurring articles in more than one database) --38	

3.3.3 Features of the reviewed articles

Thirty-eight documents were ultimately selected to form the basis of a review of CSR works conducted within the KSA context. Most of these papers were published in non-impact-factor journals with only one paper (Murphy et al. 2019) published in a leading business and management journal, the *Journal of Business Ethics*. This may indicate that submissions to high-impact factor journals find it challenging to justify why a study linked to a particular country would be of wider interest. It may also reflect a perceived status of CSR in KSA as a relatively embryonic phenomenon that will remain niche in terms of potential reader interest. Another possible explanation is the 'chaperone effect' where non-senior authors find it hard to publish in prestigious journals if they have not already done so. Hence, they need to co-author with an experienced scholar who had previously published in these journals who can 'chaperone' the paper through to the point of publication (Sekara et al. 2018). This chaperone effect is likely to be the case in KSA

where CSR is an emerging field, and thus the number of senior scholars in this field is substantially limited. However, several articles were published in relatively good quality journals, e.g. *Competitiveness Review* (Nalband and Al-Amri 2013) and (Khurshid et al. 2014), *International Journal of Sustainable Society* (Emtairah et al. 2009), and *Journal of Managerial Issues* (Robertson et al. 2013).

As illustrated in Table 3.5, only two articles (5%) were published in the previous decade, while thirty-six articles (95%) appeared in the 2010s, and particularly in the past five years, which provide twenty-seven articles, representing 71% of the total sample articles. This significant surge of studies published on CSR suggests a healthy advancement in CSR research, and that the CSR discipline is growing exponentially in KSA.

In terms of research type, Table 3.6 shows that nearly all studies are empirical, except for the conceptual study of Khurshid et al. (2014). The highly empirical feature of CSR works may suggest that scholars are trying to understand how CSR operates and is perceived, while the absence of conceptualisation suggests that these studies are primarily exploratory and descriptive.

With respect to the theoretical approach, fourteen studies (37%) have no explicit theoretical base, while twelve (32%) employed multiple theories. The rest of the studies (32%) used one theoretical approach. Among these papers, six (16%) adopted stakeholder theory, two (5%) applied the triple bottom line framework, two (5%) adopted Carroll's CSR pyramid, one (3%) relied on legitimacy theory, and one (3%) used institutional theory.

Table 3.5 Details of reviewed papers: title, author, publication year, and source

	Authors	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Source of Publication
1	Maghrabi (2008)	1												International Journal of Management
2	Emtairah et al. (2009)		1											International Journal of Sustainable Society
3	Mandurah et al. (2012)					1								The Journal of Applied Business Research
4	Ali and Al-Ali (2012)					1								Middle East Policy
5	Nalband and Al-Amri (2013)						1							Competitiveness Review
6	Robertson et al. (2013)						1							Journal of Managerial Issues
7	Khan et al. (2013)						1							Journal of Leadership, Accountability and Ethics
8	Khurshid et al. (2013)						1							Life Science Journal
9	Khurshid et al. (2014)							1						Competitiveness Review
10	Al Sabban et a. (2014)							1						International Journal of Research Studies in Management
11	Azim et al. (2014)							1						Transylvanian Review of Administrative Sciences
12	Alshareef and Sandhu (2015)								1					European Journal of Accounting Auditing and Finance Research
13	Razak (2015)								1					Middle-East Journal of Scientific Research
14	Alshareef and Sandhu (2015)								1					International Journal of Business and Management
15	Al-Salamin (2015)								1					Human Resource Management
16	Albahussain (2015)								1					International Business and Management
17	Maqbool (2015)								1					International Journal of Human Resource Studies
18	Habbash (2016)									1				Social Responsibility Journal
19	Abro et al. (2016)									1				Journal of Competitiveness Studies
20	Khurshid et al. (2016)									1				International Journal of Business and Management
21	Mohammed (2016)									1				Algerian Scientific Journal Platform
22	Ahmad et al. (2016)									1				International Business Research
23	Alharthey (2016)									1				International Journal of Business and Social Research
24	Azhar (2016)									1				International Journal of Social, Behavioral, Educational, Economic, Business and Industrial Engineering
25	Al-Gamrh and AL-Dhamari (2016)									1				International Business Management
26	Alsubaie (2016)									1				The Global Journal of Human-Social Science
27	Alotaibi and Hussainey (2016)									1				Corporate Ownership and Control
28	Alsahlawi (2016)									1				Accountancy Business and the Public Interest
29	Issa (2017)										1			Australian Journal of Basic and Applied Science
30	Alfakhri et al. (2018)											1		International Journal of Social Economics
31	Ezzine (2018)											1		Journal of Management and Governance
32	Javaid and Al-Malkawi (2018)											1		Managerial Finance
33	Murphy et al. (2019)												1	Journal of Business Ethics
34	Nurunnabi et al. (2019)												1	Journal of Marketing Communications
35	Mahjoub (2019)												1	Cogent Business & Management
36	Alotaibi et al. (2019)												1	Sustainability
37	Al-Ghamid and Badawi (2019)												1	Cogent Business & Management
38	Ajina et al. (2019)												1	Asia Pacific Journal of Marketing and Logistics
	Total	1	1	0	0	2	4	3	6	11	1	3	6	
	%	3%	3%	0%	0%	5%	11%	8%	16%	29%	3%	8%	16%	

Table 3.6 also reveals that, out of 37 empirical studies, 24 papers (65%) are quantitative, while 13 papers are qualitative (35%). Generally, qualitative research is an appropriate approach to explore new ground, gain an in-depth understanding of a subjective phenomenon such as CSR, and generate theories relevant to a specific context (Gibbert et al. 2008; Mohammed 2016; Yin 2018). However, it is not uncommon for researchers to apply/assess an established conceptual framework in a different context using a proven survey instrument quantitatively (e.g. Razak 2015; Al-Ghamdi and Badawi 2019). Additionally, the authors of quantitative studies seemed to gather primary data through surveys and analyse them quantitatively for better generalisability in the case of measuring the CSR awareness level among Saudi firms (e.g. Ali and Al-Aali 2012; Mandurah et al. 2012; Khurshid et al. 2013). The objective of other quantitative researchers was to explain the causal link between a set of variables, where a quantitative approach is likely to be an effective tool for such studies (e.g. Habbash 2016; Mahjoub 2019). This approach was used in determining the degree of CSR disclosure in KSA businesses, and in investigating the impact of firm characteristics on Saudi firms' CSR performance/disclosure. To explain the latter questions, several quantitative studies (e.g. Razak 2015; Al-Gamrh and Al-Dhamari 2016; Alotaibi and Hussainey 2016; Alsahlawi 2016; Habbash 2016; Mahjoub 2019) have utilised content analysis from a quantitative standpoint to interpret secondary data (annual reports) through statistical analysis.

Turning to qualitative studies, as illustrated in Table 3.6, eight studies used a case study research design to gather primary data through interviews. This research design was used, apparently, because the objective of these studies was to gain a deep understanding of what firms are doing in regard to CSR, what their perceptions of this concept are, and why they are engaged in CSR activities, or not. The other five studies analyse secondary data from a qualitative perspective to examine CSR status at macro and meso levels (e.g. Khan et al. 2013; Maqbool 2015; Abro et al. 2016).

It has been noted in this review that 23 studies (62%) collected their data from primary sources, i.e. surveys and interviews, while secondary data is obtained in 14 studies (38%), i.e. published government reports, annual reports, and websites. This significant reliance on secondary data might be based on the type of research questions; however, it also suggests that CSR researchers find it challenging to gain access unless they have a 'gate opener', i.e. someone who already has links, and is recognised by the business community (Emtairah et al. 2009; Al Sabban et al. 2014). As a result, they prefer to rely on second-hand data, which might be less reliable than first-hand data, but is more convenient in terms of cost and time.

Table 3.6 Research type, theoretical approach and research methodology

| | | Research Type | | Theoretical Approach | | | | | | | Research Methodology | | | |
| | | | | | | | | | | | Quantitative | | Qualitative | |
	Authors	Conceptual	Empirical	Institutional Theory	Legitimacy Theory	Triple Bottom Line	Stakeholder Theory	CSR Pyramid	Multiple theories	No Explicit theory	Primary Data	Secondary Data	Primary Data	Secondary Data
1	Maghrabi (2008)		1							1			1	
2	Emtairah et al. (2009)		1	1									1	
3	Mandurah et al. (2012)		1							1	1			
4	Ali and Al-Ali (2012)		1						1		1			
5	Nalband and Al-Amri (2013)		1						1		1			
6	Robertson et al. (2013)		1				1				1			
7	Khan et al. (2013)		1							1				1
8	Khurshid et al. (2013)		1					1			1			
9	Khurshid et al. (2014)	1							1					
10	Al Sabban et a. (2014)		1							1	1			
11	Azim et al. (2014)		1						1		1			
12	Alshareef and Sandhu (2015)		1						1				1	
13	Razak (2015)		1		1							1		
14	Alshareef and Sandhu (2015)		1						1				1	
15	Al-Salamin (2015)		1						1			1		
16	Albahussain (2015)		1						1		1			
17	Maqbool (2015)		1						1					1
18	Habbash (2016)		1						1			1		
19	Abro et al. (2016)		1				1							1
20	Khurshid et al. (2016)		1							1	1			
21	Mohammed (2016)		1							1			1	
22	Ahmad et al. (2016)		1							1	1			
23	Alharthey (2016)		1			1								1
24	Azhar (2016)		1							1			1	
25	Al-Gamrh and AL-Dhamari (2016)		1							1	1			
26	Alsubaie (2016)		1							1				1
27	Alotaibi and Hussainey (2016)		1						1			1		
28	Alsahlawi (2016)		1				1					1		
29	Issa (2017)		1						1			1		
30	Alfakhri et al. (2018)		1						1				1	
31	Ezzine (2018)		1				1					1		
32	Javaid and Al-Malkawi (2018)		1				1					1		
33	Murphy et al. (2019)		1						1		1			
34	Nurunnabi et al. (2019)		1					1					1	
35	Mahjoub (2019)		1						1			1		
36	Alotaibi et al. (2019)		1				1				1			
37	Al-Ghamid and Badawi (2019)		1				1				1			
38	Ajina et al. (2019)		1							1	1			
	Total	1	37	1	1	2	6	2	12	14	15	9	8	5
	%	3%	97%	3%	3%	5%	16%	5%	32%	37%	41%	24%	22%	14%

As stated before, this review shows that there is more interest in the descriptive analysis of CSR attitudes in KSA rather than in understanding the conceptual foundations of CSR within the local context. A considerable number of studies (e.g. Nalband and Al-Amri 2013; Azim et al. 2014; Albahussain 2015; Ahmad et al. 2016; Azhar 2016) adopt classical CSR frameworks developed in western literature, e.g. Elkington's (1994) Triple Bottom Line; Carroll's CSR pyramid; and the Charity and Stewardship Principles of Lawrence et al. (2005), to test their hypotheses. Even these hypotheses are developed based on literature published in either developed countries or other non-Middle Eastern developing regions like China, India, and Latin America. This heavy reliance on developed economy contexts is not unexpected since the research in KSA is still nascent (Murphy et al. 2019). This suggests the need for more conceptual research that takes contextual factors into consideration (Tilt 2016). Nevertheless, a limited number of conceptual studies in the selected sample have addressed these factors (e.g. Khurshid et al. 2014; Alfakhri et al. 2018; Nurunnabi et al. 2019).

3.3.4 Research contribution to CSR literature in KSA

Given that CSR literature in KSA is still immature, several studies attempted to comprehend how CSR is perceived, practised and has evolved within the kingdom (e.g. Emtairah et al. 2009; Ali and Al-Aali 2012; Mandurah et al. 2012; Khan et al. 2013; Nalband and Al-Amri 2013; Maqbool 2015; Khurshid et al. 2016). This section highlights the significant research contributions on CSR in a KSA context. Table 3.7 outlines the main issues discussed by the selected articles in this review and their key findings.

Table 3.7 Main issue discussed by individual study and their key findings

	Authors	Main issues Discussed	Key Findings
1	Maghrabi (2008)	Comparison between of MNCs' CSR in USA and KSA	MNCs in KSA are relatively less CSR active and can play a better social role in terms of employment and social development
2	Emtairah et al. (2009)	Contextual factors that shape CSR perception and practice in KSA	Ethical dimension of CSR is dominant while strategic CSR is limited
3	Mandurah et al. (2012)	CSR awareness level in KSA	CSR is in its infancy stage, less formalised, limited to charitable activities
4	Ali and Al-Ali (2012)	The evolution of CSR and its perceptions in KSA	Broad understanding of CSR and KSA Businesses are influenced by the free market economy
5	Nalband and Al-Amri (2013)	CSR perceptions, practices and performance in KSA	study results are consistent with Carroll's pyramid of CSR and Lawrence et al.'s charity and stewardship principles
6	Robertson et al. (2013)	The key differences between US and KSA perceptions of Corporate Citizenship principles	Most of CSR activities are performed by MNCs while little is done by local businesses.
7	Khan et al. (2013)	The evolution of strategic CSR in KSA	CSR in KSA is more philanthropic and less strategic, and viewed as a cost rather than an investment
8	Khurshid et al. (2013)	CSR awareness level among future business leaders	There is variation in the awareness of different CSR dimensions based on demographic profile of participants
9	Khurshid et al. (2014)	Extending Carroll's CSR pyramid by Developing Islamic CSR framework	Most of Islamic values and precepts are consistent with CSR dimensions proposed in the western literature
10	Al Sabban et al. (2014)	CSR practices and policies in family owned businesses in KSA	Philanthropic CSR has been present for long time, motivated by Islamic values, CSR is non-systematic, on ad hoc basis, and part of it viewed as the responsibility of the government
11	Azim et al. (2014)	The impact of CSR on employees satisfaction and engagement in Saudi banking sector	CSR is positively linked with job satisfaction and engagement, and organisational citizenship behaviour
12	Alshareef and Sandhu (2015)	The extent of CSR integration into Corporate Governance in KSA	Corporate Governance is a significant tool for strategic CSR
13	Razak (2015)	The impact of company characteristics on CSR Disclosure	CSR reporting is positively linked with size and profitability of the firm. Most of firms limit their CSR activities to human resources and community involvement
14	Alshareef and Sandhu (2015)	The impact of board diversity characteristics on the integration of CSR into corporate governance structure	Board diversity characteristics are significant tool to enhance the effectiveness of CSR integration into CG
15	Al-Salamin (2015)	explore CSR practice in a Saudi University	CSR practices are still underdeveloped
16	Albahussain (2015)	The impact of CSR and Market Orientation (MO) on Saudi industrial firms performance	CSR and MO are positively related with firms' performance
17	Maqbool (2015)	The nature of CSR practices in KSA	CSR in KSA is characterised by its philanthropic nature. The recent focus of businesses is on the development of human and social capital
18	Habbash (2016)	CSR disclosure practices in KSA	CSR disclosure is improving; CSR determinants like the government, size and age are positively associated with CSR disclosure.
19	Abro et al. (2016)	CSR practices in the world's largest oil company (ARAMCO)	Aramco is a highly active corporate in all CSR dimensions (economic, social and Environment)
20	Khurshid et al. (2016)	CSR awareness of Saudi SMEs	There is a lack of CSR awareness among Saudi SMEs, and a substantial number of Saudi SMEs is less engaged with CSR activities
21	Mohammed (2016)	CSR perceptions of KSA hospitality sector	CSR is broadly viewed as an altruistic and charitable activity with emphasis on moral dimension of CSR
22	Ahmad et al. (2016)	The effect of CSR on brand image: KSA private hospitals	Some identified CSR dimensions (Vision, Workplace) have a significant influence on brand image, while other dimensions (accountability, social interaction, marketplace) were found insignificant to the brand image.
23	Alharthey (2016)	The role of CSR practices in KSA universities	CSR practices in KSA universities are limited to social dimension of CSR
24	Azhar (2016)	The effect of CSR on a Saudi Bank	CSR has relatively positive effect on the bank in terms of brand image, employees loyalty and profitability
25	Al-Gamrh and AL-Dhamari (2016)	The impact of company characteristics on CSR Disclosure	CSR disclosure among Saudi firms is relatively low. Size, age and state ownership are significant factors that influence disclosure positively
26	Alsubaie (2016)	The effectiveness of CSR in Saudi Arabia	CSR activities carried out by Saudi firms are insufficient and government should take serious measures to enforce CSR regulations
27	Alotaibi and Hussainey (2016)	The impact of CSR disclosure on firm value	The quantity and quality of CSR disclosure may affect the value of the firm
28	Alsahlawi (2016)	CSR disclosure practices of Saudi banking industry	The amount of disclosed CSR information is limited and vary among Saudi Banking firms
29	Issa (2017)	The relationship between CSR disclosure and Corporate characteristics	Profitability, size, and industry are significant factors for CSRD. However, CSRD index is too low with 11%.
30	Alfakhri et al. (2018)	How Saudi consumers perceive CSR from an Islamic perspective	Islamic CSR is divided into internal, external, and private responsibilities
31	Ezzine (2018)	Social norms during financial crisis in French and Saudi firms	Shari'ah law plays a key role in protecting stakeholders interest and in reducing the negative impact of financial crisis on Saudi firms
32	Javaid and Al-Malkawi (2018)	CSR and financial performance in light of Zakat contribution	There is a positive relationship between philanthropic CSR and financial performance. Zakat have a positive contribution to firm's value and profitability
33	Murphy et al. (2019)	Compare Saudi CSR attitude with other Islamic countries	Saudis maintain higher expectations for CSR in general while other Muslim countries hold higher expectations in terms of social development and poverty reduction
34	Nurunnabi et al. (2019)	evaluating Carroll's CSR model in Saudi context	All four responsibilities are recognised. However, they are prioritised inversely with Islamic values being a significant contextual factor
35	Mahjoub (2019)	Using ISO 26000 to evaluate CSR reporting of Saudi firms	The level of CSR reporting is weak with some positive trend towards including some ISO 26000 guidelines
36	Alotaibi et al. (2019)	CSR barriers in Saudi mega construction projects	The most significant barriers include money, awareness, lack of guidelines and lack of law enforcement
37	Al-Ghamid and Badawi (2019)	The relationship between CSR and customer satisfaction and loyalty	CSR is positively linked with customer satisfaction and loyalty
38	Ajina et al. (2019)	The relationship between CSR initiatives and customer support and loyalty	While customers have increasing CSR expectations from firms, their CSR perception of a firm has no direct influence on their loyalty

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Having reviewed the above articles, Table 3.8 synthesises the reviewed articles by highlighting the key issues discussed and summarising their key findings. Three contextual factors were significant in understanding how context can influence CSR development in KSA. These factors are the Islamic values (e.g. Khan et al. 2013; Javaid and Al-Malkawi 2018), the government (e.g. Emtairah et al. 2009; Ali and Al-Aali 2012), and MNCs (e.g. Maghrabi 2008; Mandurah et al. 2012; Robertson et al. 2013).

Table 3.8 Key discussed issues and key findings by Saudi CSR literature

Key discussed issues	Key findings	Papers
The awareness and perception of the CSR concept	- CSR is still in the early phase of development. - CSR is broadly viewed as an altruistic activity rather than a strategic advantage. - Government is considered as the only body responsible for social issues. - CSR in KSA is influenced by Islamic values. - The Western conception of CSR started to influence university students and those with greater exposure to MNCs	Emtairah et al. (2009); Ali and Al-Aali (2012); Mandurah et al. (2012); Khan et al. (2013); Khurshid et al. (2013); Nalband and Al-Amri (2013); Robertson et al. 2013; Maqbool (2015); Khurshid et al. (2016); Mohammed (2016); Alfakhri et al. (2018); Nurunnabi et al. (2019)
CSR practices and management	- Most CSR practices are in the form of philanthropic and charitable activities. - There is a general emphasis on social and human development, while there is less focus on issues like labour rights and anti-corruption. - Strategic CSR is non-systematic and lacks an institutionalised approach. - The majority of CSR activities are performed by MNCs and little is done by local businesses. - The government started to encourage businesses to engage with CSR issues. - There is a lack of enforcement of CSR regulations. - The relationship between CSR initiative and customer satisfaction/loyalty is inconclusive.	Emtairah et al. (2009); Khan et al. (2013); Nalband and Al-Amri 2013; Robertson et al. (2013); Azim et al. (2014); Al Sabban et al. (2014); Al-salamin (2015); Maqbool (2015); Abro et al. (2016); Ahmad et al. (2016); Alharthey (2016); Alotaibi and Hussainey (2016); Alsubaie (2016); Azhar (2016); Ajina et al. (2019); Al-Ghamdi and Badawi (2019); Alotaibi et al. (2019)
CSR evolution in KSA	- CSR as a philosophy is not new in KSA as it is consistent with Islamic principles. - CSR as a global business concept has recently started gaining ground among Saudi businesses.	Ali and Al-Aali (2012); Khan et al. (2013); Al Sabban et al. (2014); Maqbool (2015)
The influence of Islamic values on CSR	- Islamic principles go beyond CSR guidelines. - Islamic principles are positively linked with CSR performance. - Zakat is an Islamic tool for achieving social objectives.	Khan et al. (2013); Khurshid et al. (2014); Alfakhri et al. (2018); Ezzine (2018); Javaid and Al-Malkawi (2018); Murphy et al. (2019)
The impact of firm characteristics on CSR performance/disclosure	CSR reporting is positively influenced by size; profitability, age, and ownership type of the firms.	Alshareef and Sandhu (2015); Razak (2015); Al-Gamrh and Al-Dhamari (2016); Issa (2017)
The level of CSR disclosure in KSA businesses	- CSR disclosure is relatively low but significantly improving. - Reported CSR information is focused on human development and community involvement.	Razak (2015); Al-Gamrh and Al-Dhamari (2016); Alotaibi and Hussainey (2016); Alsahlawi (2016); Habbash (2016); Issa (2017); Mahjoub (2019)

3.3.5 CSR perceptions and awareness in KSA

Similar to other developing countries (Visser 2008), CSR in KSA is associated with philanthropic and charitable activities (Khan et al. 2013; Maqbool 2015). This perception stems from Islamic values, which encourage individuals to provide for the poor and the deprived (Javaid and Al-Malkawi 2018). In addition, CSR is broadly viewed as an altruistic activity that is distinct from the daily operation of the business (Khan et al. 2013). This may explain why Saudi companies do not refer to CSR in many of their environmental and social activities (Emtairah et al. 2009). This also explains the moderate awareness that Mandurah et al. (2012) concluded while examining the CSR awareness of Saudi firms. Nurunnabi et al. (2019) are also of a similar opinion when they indicate a lack of CSR awareness among young consumers. Furthermore, there was a general conception within the public and the business community that the government has the sole responsibility for tackling social issues (Emtairah et al. 2009; Mandurah et al. 2012). As a result, businesses were less engaged with social activities, particularly those related to education, health, and the environment. However, with the evolution of education in the country and the entry of MNCs into the Saudi market, university students and those who have greater exposure to MNCs show more awareness of the role of business in society (Khurshid et al. 2013).

3.3.6 CSR practices in KSA

Many studies in this review argue that CSR practices are largely influenced by Islamic values and skewed towards philanthropic and charitable initiatives (e.g. Mandurah et al. 2012; Khan et al. 2013; Javaid and Al-Malkawi 2018; Nurunnabi et al. 2019). Emtairah et al. (2009) indicate that most CSR programmes are linked with social issues, e.g. localisation of jobs, while there is a lack of awareness on environmental issues. Similarly, Alotaibi et al. (2019) highlight that CSR activities are limited to developing human and social capital, while issues like labour rights and anti-corruption are overlooked. Mandurah et al. (2012) point out that Saudi firms seem to direct their CSR practices towards their local communities where they function. The authors claim that CSR practices seem to have a lack of an institutionalised approach, are rarely strategic, and are inspired by a combination of personal, religious, and cultural beliefs.

Robertson et al. (2013) suggest that CSR programmes are generally carried out by MNCs, while little is done by local businesses. However, others propose that local companies who have a profile of multinational corporations such as state-owned, family-owned, and

public listed companies, e.g. Saudi Aramco, SABIC, Abdul Lateef Jameel (ALJ) Group, National Commercial Bank, and Savola Group, are good examples of companies that pursue CSR targets strategically. Saudi Aramco is worth highlighting here because it is viewed as a role model for other local firms in CSR best practice (Alsubaie 2016). Abro et al. (2016) examined Saudi Aramco's CSR practices using the Triple Bottom Line Model and found it to be fully integrated within the corporate strategy. This integration is based on four key areas: economy, knowledge, community, and environment. Further, Abro et al. (2016) conclude that Saudi Aramco follows one of the world-class standards, e.g. ISO26000, to achieve its CSR goals. Khurshid et al. (2016) is the only paper that investigated CSR practices of Saudi SMEs, revealing that while more than half of participating SMEs demonstrate some knowledge about CSR, their engagement in CSR activities is rarely observed. According to Khurshid et al. (2016), the main reasons for this are the absence of proper guidance, shortage of resources and the fact that a significant number of participating SMEs view CSR as a cost rather than an investment.

The government's role as an enabler of or, at times, as a barrier to CSR is mentioned on several occasions within this review. According to Emtairah et al. (2009), the government started to take serious actions towards promoting CSR as a result of the fall in oil prices and the increase in population. Consequently, public discourse shifted towards the private sector, inviting them to participate in social development. Additionally, the government has taken further steps by introducing regulations that push private businesses to participate in social activities, i.e. involving citizens in their workforce in an attempt to improve human capital. However, the study of Emtairah et al. (2009) notes that there is an inadequacy in governmental regulations regarding environmental issues. Almost one-third of the study's participants indicated that government agencies are making it harder for private companies to get involved in social development. In addition, Emtairah et al. (2009, p. 341) claim that the government '*is not creating the right incentives or pressures for advancing the environmental and social performance of companies*'. In this regard, Ali and Al-Aali (2012, p. 51) assert 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*'. However, this should not underestimate the growing efforts of the government to promote CSR amongst private businesses. This is illustrated in the foundation of SAGIA (see next section) and the participation in different CSR seminars such as the first leadership dialogue in 2008 and the Saudi CSR forum in 2011 (Khan et al. 2013). Nevertheless, according to Khan et al. (2013), this is

not sufficient and there is much to be done by the state to improve the CSR regulatory system by reducing bureaucracy, enhancing the consistency of regulations, fighting corruption, promoting labour rights and offering incentives to companies to encourage them to implement CSR in the country.

3.3.7 CSR evolution in KSA

Elements of CSR as a philosophy is not new for Saudi businesses since many of them are engaged in social activities without necessarily labelling them as CSR practices (Nalband and Al-Amri 2013; Al Sabban et al. 2014). This engagement stems from Islamic precepts, which encourage ethical behaviour while conducting business. The notion of "giving back to society" is deeply inherited in Saudi society, thus most CSR activities focus on philanthropic commitments (Issa 2017). However, *"CSR is a novelty mostly in terminology"* in KSA (Nalband and Al-Amri 2013, p. 285).

According to Ezzine (2018), CSR evolution in KSA has passed through three phases. The main emphasis of the first phase was on philanthropic and environmental programmes. This was depicted in the mission statement of Saudi Aramco, which announced its first environmental and philanthropic agenda in 1963. The second phase witnessed a significant shift in terms of the quality and quantity of CSR engagement, focussing more on the strategic dimensions of CSR and linking it with productivity and competitiveness. This resulted in an increase in employment of Saudi nationals in the private sector. However, the conference organised by SAGIA in 2008 to promote CSR (see section 2.3.3.2) identified several CSR challenges in KSA such as a lack of CSR awareness, the absence of methodological and implementation tools, a lack of academic resources in Arabic, and a lack of CSR education in local colleges and universities (Khan et al. 2013). The political agenda has risen to the top of the CSR list with the surge of the Arab Spring in 2010-2011. This marked the third phase of CSR evolution in Saudi Arabia (Ezzine 2018). In response to this change in the CSR agenda, where political factors preceded economic necessity, the country's decision-makers launched two major initiatives to improve social cohesion. First, a significant budget was allocated for housing and education. Second, the authority attempted to strengthen the public-private partnership by supporting programmes and seminars that aim to increase CSR awareness within the business community.

3.3.8 CSR disclosure in KSA

The focus of studies, mainly during 2015 and 2016, shifted towards assessing the CSR performance of Saudi firms by investigating the level of their CSR disclosure. This also includes the evaluation of the impact of firms' characteristics on CSR disclosure in some cases (see Table 3.8).

Razak (2015) investigated the determinants of CSR reporting by analysing the annual reports of 166 listed firms in a single year (2013) and found that CSR reporting is positively linked with the size and profitability of the firm. Further, Razak (2015) noted that many firms limit their CSR activities to human resources and community involvement. She was of the opinion that there is a need for regular updates of CSR information in firms' annual reports. Habbash (2016) is of a similar view with respect to the firm's characteristics that influence CSR disclosure. He points out that determinants like ownership type, size and age are positively associated with CSR disclosure. Habbash (2016) remarks that the amount of CSR disclosure in the kingdom is improving, while attributing this improvement to the implementation of the Saudi corporate government (CG) code, which was introduced in 2007. Al-Gamrh and Al-Dhamari (2016) have a different view about the degree of firms' CSR disclosure and claim that it is relatively low. Nevertheless, they are of a similar opinion with regard to the determinants of CSR reporting as they state that size, age and ownership structure are significant factors that influence disclosure positively. Mahjoub (2019) examined the level of CSR reporting by analysing the role of implementing the international standard ISO 26000 in promoting CSR reporting among local firms. He concludes that ISO 26000 has a positive role in reinforcing the level of CSR reporting. Yet, Mahjoub (2019) supports other studies, which claim that CSR reporting is relatively poor in KSA.

3.3.9 Other CSR issues

Besides the key topics discussed above, some individual studies highlight other CSR related topics. Such topics include the usefulness of corporate governance for strategic CSR (e.g. Alshareef and Sandhu 2015b), the different CSR behaviour between Saudis and other Islamic countries (e.g. Murphy et al. 2019), and the impact of CSR on employee satisfaction (e.g. Azim et al. 2014), brand image (e.g. Ahmad et al. 2016), and customer satisfaction and loyalty (e.g. Ajina et al. 2019; Al-Ghamdi and Badawi 2019).

Special mention may need to be given to the study of Khurshid et al. (2014), who attempted to develop an Islamic CSR (ICSR) framework. Using the most popular CSR pyramid model of Carroll (1979) as a base for their model, Khurshid et al. (2014) developed an ICSR model which they claim is *"applicable to both Islamic and non-Islamic business systems because both Islamic and Western CSR have common humanitarian grounds" (*(Khurshid et al. 2014, p. 258). Although this study is not exclusively limited to CSR in KSA, it could be considered as a relevant study since KSA is the birthplace of Islam (Murphy et al. 2019). Besides, this paper is the only conceptual study found apart from another paper (Alfakhri et al. 2018), which was partially empirical. Alfakhri et al. (2018) developed an Islamic 'CSR Tree' framework based on an empirical investigation conducted to examine the CSR perception of young Saudi consumers from an Islamic perspective. This indicates that conceptual research on CSR in KSA is almost non-existent.

3.4 CSR in SMEs

3.4.1 The significance of SMEs

SMEs are a significant component of the global economy, and play a vital role in society because they account for more than 95% of the private sector (Soundararajan et al. 2018), generating nearly 65% of employment globally (Vázquez-Carrasco and López-Pérez 2013). They are also regarded as a source of innovation and competitiveness and a significant contributor to economic growth (Morsing and Perrini 2009).

While SMEs contribute significantly to the economy of developing countries (Jamali et al. 2017), the contribution of SMEs to Saudi GDP is limited to 20%. Consequently, Monshaat was established to increase the GDP contribution of SMEs to 35% by 2030 by revising regulations, providing funds to start-up firms, and supporting entrepreneurs in growing their businesses (see section 2.3.3.2).

Generally, businesses are under increasing pressure to demonstrate their engagement in CSR activities. CSR research is usually focused on large firms, while interest in SMEs is limited (Murillo and Lozano 2006; Lynch-Wood et al. 2009; Baden et al. 2011). Recently, there has been greater attention paid to the significant contribution of the SME sector to the CSR debate in the literature (Spence 2016); however, many assumptions about the CSR behaviour of SMEs are unfounded and immature. For instance, SMEs are considered to be "*little big companies*" (Tilley 2000), allowing CSR practices of large companies to simply be reduced in scale to fit SMEs. However, as several scholars suggest, SMEs are distinct in many aspects such as organisational structure, access to resources, and their operational nature (Jenkins 2006; Morsing and Perrini 2009; Davies and Crane 2010; Russo and Perrini 2010). Section 3.4.3 provides more details about the distinctive characteristics of SMEs and their implications on the CSR practices of SMEs.

3.4.2 SMEs definitions

There is no absolute consensus about the definition of an SME (Soundararajan et al. 2018). According to Harvie and Lee (2002), context-specific definitions tend to evolve constantly depending on the social and economic circumstances, which play a key role in defining an SME in a particular context. Internationally, SMEs are defined based on several indicators such as the number of employees, turnover, sales volume, and the total amount of assets (Soundararajan et al. 2018). The EU Commission considers an enterprise as an SME if the number of its workforce is less than 250 employees and its annual turnover is no more than 50 million Euros (Stoian and Gilman 2017).

In KSA, there was no single official definition (Ahmad 2012) until Monshaat was established in 2016. Similar to the Euro benchmark, Monshaat defines SMEs as all profit-seeking enterprises with less than 250 employees and a revenue of less than SAR 200 million. It classifies SMEs into three categories according to the number of employees and total turnover. Table 3.9 illustrates these three categories.

Table 3.9 Saudi SMEs classification (Monshaat 2019)

SME type	Employees number	Revenues
Micro	1 – 5	Less than SAR 3 million
Small	6 – 49	SAR 3 – 40 million
Medium	50 – 249	SAR 40 – 200 million

The researcher adopted this definition for consistency with the research context. Monshaat's definition is also useful because it is similar to the EU definition; thus, the findings of this study can be compared with a wider range of studies.

3.4.3 SMEs characteristics

Many business commentators agree that size is the main distinctive characteristic of SMEs (Jenkins 2004). SME behaviour is usually influenced by the psychological attributes of the owner-manager, who is often the main driver and implementer of the firm's values (Jenkins 2006). Consequently, SME characteristics vary widely because factors associated with the individual entrepreneur can play a significant role in shaping the strategic decisions of the business (Vázquez-Carrasco and López-Pérez 2013).

Several scholars have reported characteristics that distinguish SMEs from large companies. According to Cochran (1981), the chance of failure in SMEs is higher than for large companies. Further, SMEs have fewer products and less service variety offered to customers. The limited access to resources of small businesses can restrict their ability to pay attention to strategic goals or focus on marketing their brand (Spence 2000). SMEs often rely on informal personal relationships while conducting business. They are also more likely to be short on cash and often function in a single market (Burns 2001). Although some would say just being a small business is risk taking, SMEs tend to be risk-averse, especially with money, whenever they can (Burns 2001; Jenkins 2004).

Along with the above characteristics, there tends to be a significant distinction between small businesses and their larger counterparts in terms of management philosophy and organisational structure. Murphy (1996) suggests that SMEs are likely to be managed by

a small group, usually one or two persons, who are directly influenced by the owner's values. Murillo and Lozano (2006) explain that SME owners are generally the developers and the executors of their business values and policies. Similarly, the owner-manager is often in charge of several functions within the business (Spence 1999). Hence, this might compromise their awareness of concerns that go beyond daily activities (Tilley 2000). Tilley (2000) explains that SMEs are less likely to follow voluntary guidelines or codes of practice, i.e. 'green' business practices. Moreover, institutional pressures such as rivals' benchmarking, NGOs, and state agencies, have less impact on SMEs' decision-making compared with large companies (Dex and Scheibl 2001).

On the other hand, due to their simple managerial structure, SMEs can "*be very adaptive, swiftly adjusting their trading capacities according to changing market opportunities*" (Goffee and Scase 1995, p. 18). This flexibility may help SMEs to respond promptly to changing conditions, enabling them to rapidly exploit new marketplaces for products that involve social or environmental benefits (Jenkins 2006). Further, several studies (including Abdnor 1988; Dean et al. 1998; Morsing and Perrini 2009) suggest that SMEs are more innovative compared with their larger counterparts. However, their resource limitation reduces their ability to innovate.

Gibb (2000) developed a comparison table covering fourteen dimensions that illustrates the cultural differences between small businesses and large ones (see Table 3.10). These differences may have potential implications for managerial practices in terms of stakeholder management. The relationship between an SME and stakeholders is often based on personal discretion, personal interest, trust and intuition, with less of a power gap between the firm and its stakeholders, whilst large firms are more systematic, formal, and results-oriented in their relationship with stakeholders. Moreover, while CSR activities of large companies are more strategic and carefully planned, they are typically less well organised and based on ad hoc approach in small businesses. In terms of risk management, which is a part of the business case for CSR, large companies tend to be more transparent in their social and environmental reporting because they are more prone to stakeholder pressure and concerns about damage to brand image. However, the issue of visibility is disputed in the case of SMEs. Some scholars (e.g. Dex and Scheibl 2001; Fassin 2008; Jenkins 2009) view that SMEs are less visible due to their limited number of stakeholders, and thus they are less responsive to institutional pressures, e.g. public and private sectors, competitor benchmarking, and state agencies. In contrast, scholars like Hadjimanolis (1999) and Quayle (2002) argue that SMEs are highly visible to their

local community and thus their activities are under constant scrutiny by their few stakeholders, on whom SMEs rely heavily. Also, SMEs are mainly concerned with commercial and financial risks that might threaten their survival. Therefore, they may consider engaging in socially responsible activities if they are directly mitigating financial or operational risks (Jenkins 2004).

All the above suggests that there will be a significant difference between SMEs and large companies in terms of their approach to CSR. Hence, CSR activities that suit large companies may not necessarily be applicable to SMEs.

Table 3.10 Cultural differences between large companies and SMEs

Large Company	SME
Order	Untidy
Formal	Informal
Accountability	Trusting
Information	Personal observation
Clear demarcation	Overlapping
Planning	Intuitive
Corporate strategy	''Tactically strategic''
Control measures	''I do it my way''
Formal standards	Personally monitoring
Transparency	Ambiguous
Functional expertise	Holistic
Systems	''Freely''
Positional authority	Owner-managed
Formal performance	Customer/network exposed

 Source: Gibb (2000, p. 17)

3.4.4 CSR terminology and language among SMEs

Since CSR research has mainly focused on the context of large companies, the term 'Corporate Social Responsibility' or CSR is widely used within large companies but little used amongst SMEs (Vázquez-Carrasco and López-Pérez 2013). Additionally, the organisational culture and language of large companies tend to use a formal style of communication; while an informal style and relaxed communication are common SME features (Baumann-Pauly et al. 2013). Therefore, CSR is more commonly found in the vocabulary of large companies than in SMEs (Jamali et al. 2009). For this reason, many SMEs are actively engaged in different activities that have economic, social and environmental benefits; but they rarely refer to them explicitly as CSR activities (Wickert et al. 2016). Hence, it is not uncommon to find that SMEs are actually integrating CSR into their daily activities but remain unaware of the concept (Perrini et al. 2007).

With respect to the term CSR, Jenkins (2006) and Spence (2007) are sceptical of its compatibility in the context of SMEs, to the extent of claiming that generalising the term may cause confusion as a word like 'corporate', in terms of common usage, does typically refer to large companies (although the literal meaning of the term is not connected to scale). Murillo and Lozano (2006) agree and add that the term 'CSR' is generally defined with reference to large companies. As a result, several authors suggest alternative terms to CSR, which either can be specific to SMEs or can include all types of businesses irrespective of their size, structure, and ownership. For instance, Jenkins (2004) argues that the term '*Business Community Interaction*' sounds more relevant to SMEs. Similarly, Lepoutre and Heene (2006) propose that the term '*Small Company Social Responsibility*' appears to be more specific to SMEs. Murillo and Lozano (2006) recommend the term '*Responsible Competition*'. Jamali et al. (2009) prefer to use a more comprehensive term by replacing the word 'corporate' with 'business' to be '*Business Social Responsibility*'; while in a more recent review, Soundararajan et al. (2018, p. 935) adopt the term *'small-business social responsibility'* (SBSR) as they argue that *'CSR research and theory are not transferable wholesale to small businesses'*.

As mentioned previously in section 3.3, only one study (Khurshid et al. 2016) was found in relation to CSR in Saudi SMEs. The study used a self-administrated questionnaire to explore SMEs' awareness of the term 'CSR'. While the findings show that 57% of the participating SMEs have knowledge about the CSR concept, no further details were provided on the type of questions asked, whether the researchers explained the term to the participants, whether SMEs use the term (CSR) in their business communication, and if there is any alternative term in use. Nevertheless, this is one of the self-administrated survey's limitations, where the researcher is unlikely to be available to clarify questions (Bryman and Bell 2015). Further, such types of data collection techniques struggle to gain detailed information about the topic in question, particularly if it has a subjective nature such as CSR.

3.4.5 CSR practices of SMEs

Previous studies in developed countries suggest that many SMEs acknowledge the need to pay extra attention to the social and environmental impact of their operations on society (Jenkins 2009). Evidence also demonstrates that SMEs are increasingly becoming more formally and consciously engaged with CSR activities (Joseph 2000; Irwin 2002; Santos 2011). This growing trend suggests that SMEs are coming to view CSR as an investment rather than a cost burden, providing them substantial scope for competitive advantage (Tilley et al. 2003).

The work of Jenkins (2006) disputes the widespread assumptions (Gibb 2000; Hillary 2000) that SMEs perform poorly in relation to several basic CSR issues such as diversity of the workforce, fair distribution of wealth in a community, and environmental protection. The findings of Jenkins (2006) indicate that participating SMEs believed that they were being socially responsible merely because their success increases employment within their community and contributes positively to the local economy. However, they still appreciate the significance of other responsibilities. The study reveals that a common form of CSR in SMEs is still philanthropy, or charitable activities, i.e. sponsoring local sports tournaments, contributed from company resources. Nonetheless, SMEs think that the financial rewards of such activities are limited and not easy to quantify. With respect to the CSR approach of SMEs, Jenkins (2006) notes that it is mixed between a strategic orientation for some of the firms and completely *ad-hoc* for others. Jenkins also suggests that there are many other CSR activities carried out by SMEs, besides philanthropy. Table 3.11 shows examples of CSR activities of SMEs in the UK, where the study was conducted.

Table 3.11 Examples of CSR activities in the UK's SMEs

Environmental ISO14001 Waste minimisation, re-use and recycling schemes Reduction in the use of harmful chemicals Reduction in atmospheric emissions Use energy from renewable sources Membership of environmental organisations Investment in new technology Environmental reporting Award-winning environmental schemes **Employees** Investors in people Flat management structures Creation of good work-life balance and family-friendly employment Employee newsletters Social events for staff Employees sent to developing countries to undertake community projects Award-winning training and development programmes for employees Employment of older and disabled people One to one mentoring of employees 360_ appraisal schemes Supply chain/business to business Open house policy for customers, suppliers and competitors to look around Directors of business associations Seeking to develop long-term partnerships with customers and suppliers Supplier learning schemes Measurement of key performance indicators and feedback to staff, customers and suppliers Winners of industry awards e.g., world-class manufacturing or service industry excellence Support and encouragement for suppliers to become more socially responsible Take part in industry best practice programmes Inside U.K. enterprise scheme ISO9001 Quality standard **Community/society** Work with local schools on projects e.g., working with children with learning difficulties Donate a percentage of profits to charity Supporting local homeless people Sponsorship of local sports teams Involvement in awards schemes for young people Timebanks for employees to work in the community Social auditing Employ people from the local community Working on community projects in developing countries Work experience placements Award-winning community engagement programmes

Source: Jenkins (2006)

Although the study by Jenkins (2006) provides a significant contribution to understanding the role of SMEs in the CSR agenda, the results may not be generalisable as the study aimed to investigate good practices in CSR so that other SMEs can learn from them.

A more relevant study was conducted by Jamali et al. (2009) on the role of SMEs in the CSR debate in a developing country context. This qualitative comparative case study research used a Lebanese context to examine the differences between SMEs and large companies in CSR orientations. The empirical findings generally agreed with previous

studies in developed countries, suggesting that CSR practices amongst Lebanese SMEs are commonly philanthropic and reflected perceived discretionary responsibilities. Accordingly, SME owner-managers were often not interested in publicising their CSR activities, as their main objective was personal satisfaction. The main distinctions in CSR focus between SMEs and large companies identified by Jamali et al. (2009) are depicted in Table 3.12 below.

Table 3.12 Key distinctions in CSR focus between SMEs and large companies

SMEs	Large companies
Philanthropy, altruism	Economic perspective, strategic orientation
Discretionary	Holistic focus
More intimate relationships with stakeholders; the importance of the local community	More formal/distant relationships with stakeholders
Strong inspiration, poor integration, moderate innovation	Weak inspiration, strong integration, poor innovation
Ethical conception, owner values	Instrumental orientation, economic objectives
Non-systematic, unstructured, non-formalized	Systematic, calculated, formalized, measurable

Source: Jamali et al. (2009)

Following the above key differences between SMEs and large companies, several implications can be concluded in terms of CSR implementation in both contexts. For SMEs, CSR largely reflects the owner-manager's personality. Some owner-managers embrace CSR as part of their values and will engage in it even if that would compromise their profitability. For some owner-managers, CSR is justifiable only if they can see tangible benefits, while for others intangible benefits, i.e. employee satisfaction, are good reasons to engage in CSR activities. In terms of stakeholders, while large enterprises are concerned with a wide range of stakeholders and the focus of their CSR activities includes society at large, SMEs are responsible to fewer stakeholders and the scope of their CSR is limited to the local community (Preuss and Perschke 2010). It might be argued that SMEs lack formal integration of CSR and their CSR decisions are mainly based on intuition and ad-hoc responses; however, their informal communication style allows them to be more flexible, more responsive, and more innovative, keeping the cost of CSR implementation relatively lower than in large companies (Wickert et al. 2016). CSR reporting is also another key point of divergence between SMEs and large firms. While CSR disclosure can be a source of competitive advantage for large companies in terms of boosting their brand image and meeting the expectations of stakeholders, the same for

SMEs can be relatively costly giving the informal nature of managing their business, which makes it difficult to follow formal guidelines or standards (Wickert et al. 2016).

For the types of CSR activities SMEs engage in, according to Fassin (2008), CSR practices can vary based on the pressure exerted up and down the supply chain, as many SMEs are linked with a dispersed supply chain (Jenkins 2006). In general, CSR practices in SMEs are often described as "*silent CSR*" and "*sunken CSR*", proposing that SMEs are "*unknowingly socially responsible*" (Jenkins 2006; Perrini et al. 2007; Jamali et al. 2009; Russo and Tencati 2009). This may suggest why SMEs' CSR practices are often portrayed as "*non-systematic, unstructured and non-formalised*" (Vázquez-Carrasco and López-Pérez 2013, p. 3211).

3.4.6 SMEs stakeholders

This thesis dedicates section 3.5 to stakeholder theory, presenting a detailed review of its origin, definitions, classifications and the different applications of stakeholder theory. However, the current section provides a more specialised overview on the nature of the relationship between SMEs and their stakeholders.

As noted by scholars (e.g. Kakabadse et al. 2005; Miles 2017; Latapí et al. 2019), CSR literature considers stakeholder theory as a significant theoretical lens that could help in understanding and managing risks and enhancing firms' social responsibility. Jenkins (2004) remarks that there is no significant difference between small business and their larger counterparts in terms of their relationship with stakeholders, but the way they manage and approach their stakeholders is likely to be different. This could be due to the cultural differences between SMEs and large companies (Gibb 2000), which could affect the way they engage with their stakeholders. For instance, the nature of SMEs' relationships with stakeholders may be more relaxed, highly personalised, based on trust and integrity, and non-systematic, with less influencing power between business and stakeholder. On the other hand, the approach of large companies to stakeholders is more formal, planned and systematic (Santos 2011; Vázquez-Carrasco and López-Pérez 2013; Soundararajan et al. 2018).

With respect to the stakeholders of SMEs, both academics and business practitioners identified employees, customers, suppliers, environment, public institutions, and community as key stakeholders (Vázquez-Carrasco and López-Pérez 2013). According to Jenkins (2006), the ranking of stakeholders, in terms of significance, varies between SMEs based on the nature of their operation. For example, service SMEs tend to engage

in CSR activities that serve employees and customers; whilst manufacturing SMEs are more inclined to focus on environmental issues. Shareholders are also viewed as a key stakeholder but are not directly linked with CSR activities (Jenkins 2006). Additionally, SMEs tend to give greater consideration to their internal stakeholders such as employees and supply chains, unlike large companies which pay more attention to satisfying external stakeholders such as government, media and the larger society (Murillo and Lozano 2006; Preuss and Perschke 2010; Santos 2011; Lee et al. 2016). The significance of the local community to SMEs is debatable. In this respect, Curran et al. (2000) argue that SME owners appear to be disconnected with local social initiatives because SMEs are either geographically isolated from the community, located in remote industrial areas of cities and towns, or overshadowed by large companies in highly visible areas. Therefore, the assumption that there is a strong bond between SMEs and community is not always the case. In opposition to this argument, satisfying the local community would help SMEs to be more successful, as the community members include employees, suppliers, customers and potential investors, who in turn will appreciate and support the business (Besser and Miller 2001).

As explained earlier regarding SMEs' unfamiliarity with CSR concepts, authors like Vázquez-Carrasco and López-Pérez (2013) suggest that many SME owner-managers are unlikely to recognise who their key stakeholders are. This does not necessarily imply that SMEs are not socially responsible, but it might reflect the informal business style of SMEs, which often does not use the formalised and distant language of large firms (Jamali et al. 2009).

3.4.7 CSR motivations, benefits, and challenges for SMEs

Researchers (e.g. Jenkins 2006; Murillo and Lozano 2006; Perrini et al. 2007; Cambra-Fierro et al. 2008; Santos 2011) have examined both internal and external motivations that inspire SMEs to engage in CSR. Generally, the literature suggests that internal motivations such as managerial (ethical/ moral) values are more substantial than external motivations such as competitiveness or state regulations (Hamann et al. 2017). Phrases like "*the right thing to do*", "*everybody has a responsibility to do what they can*", and "*well-being, pride, integrity, self-worth, feeling good and satisfaction*" are common expressions among SME owner-managers to articulate why CSR is significant to them (Jenkins 2006, p.249). Hence, the next section discusses the impact of managerial values for addressing CSR in SMEs. Murillo and Lozano (2006) highlight several factors that motivate SMEs to engage in CSR (see Table 3.13 below).

Table 3.13 Key factors that motivate SMEs to engage in CSR

Owner character & values
Manager economic/social model
Competitive advantage
Innovation potential
Desire for differentiation
Legal regulations

Source: Murillo and Lozano (2006)

In terms of the benefits that SMEs would gain by nurturing CSR, research (e.g. Jenkins 2006; Morsing and Perrini 2009; Santos 2011; Vázquez-Carrasco and López-Pérez 2013; Hodinková and Sadovský 2016) identifies various tangible and intangible benefits such as:

- Attracting a skilful workforce and building rapport with employees.
- Promoting innovation and gaining a competitive edge.
- Enhancing relationships with suppliers and customers.
- Improving reputation and brand image.
- Aiding differentiation and building up a presence in the marketplace.
- Reducing long-term costs.

Table 3.14 demonstrates the key benefits that SMEs may gain from adopting CSR as depicted by Jenkins (2006, p. 249).

Table 3.14 CSR benefits for SMEs

Better image and reputation
Enhanced trust and understanding
Greater business profile
Better market positioning
Increased business
Boost the motivation of employees
More attractiveness to qualified employees
Better efficiency and cost-effectiveness
Improved risk management
Better company culture

Source: Jenkins (2006)

With respect to the challenges for SMEs in implementing CSR, time and resource constraints have been identified as the most challenging factors, irrespective of the SME industry or size (Santos 2011; Lee et al. 2016; Jamali et al. 2017; Stoian and Gilman 2017;

Alotaibi et al. 2019). Additionally, CSR challenges may include introducing CSR culture, measuring CSR benefits, lack of expertise and the management of CSR activities (Jenkins 2006). Further, Høivik and Shankar (2011) report that lack of information related to CSR standards and absence of CSR implementation tools are among the significant factors that hinder SMEs' engagement with CSR.

CSR challenges observed in Saudi Arabian SMEs are similar to the ones identified by previous research in both developed and developing countries. Khurshid et al. (2016) emphasise the lack of awareness, incentives, regulations, resources, information and the absence of skilled human resources capable of implementing CSR activities.

3.4.8 Managerial values in SMEs

Past studies (e.g. Jenkins 2006; Perrini et al. 2007; Hammann et al. 2009; Jamali et al. 2009; Preuss and Perschke 2010; Lee et al. 2016) point out that owner-managers in the SME context play a significant role in promoting CSR in their business (see section 3.4.3). As indicated in previous literature (e.g. Preuss and Perschke 2010; Jamali et al. 2017), the commitment of SME owners, both in developed and developing countries, is crucial for CSR to work successfully, as they are considered both the drivers and the implementers of their own values. Consequently, CSR adoption in SMEs is based on owner-managers' discretion (Hemingway and Maclagan 2004).

Spence and Rutherfoord (2000) suggest four social perspective frames that influence SME owner-managers when engaging in CSR activities, namely profit maximisation priority, subsistence priority, enlightened self-interest and social priority (see Table 3.15 and 3.16). They propose that the motivations for entering a business are far more complex and cannot be limited to achieving financial goals only. Spence and Rutherfoord (2000) point out that this variety in managerial perspectives should be considered when attempting to encourage SMEs to engage in CSR. Hence, managerial discretion would decide which of Spence and Rutherfoord's (2000) frames is adopted by the SME. For instance, Jenkins's (2006) findings reveal that most SMEs fall within the social priority frame where social values outrank profit maximisation priority. However, this result is somehow expected for SMEs that are already known as CSR champions. Schaefer et al. (2018) also assert that Spence and Rutherfoord's (2000) framework helped them propose different policy approaches based on the profit and societal orientations of SME managers to increase environmental engagement. Therefore, it would be interesting to examine the

same for SMEs in a different context; e.g. different location, such as KSA, with more randomly selected SMEs.

Table 3.15 Social perspective frames for SMEs

Frame	Description
Profit maximisation priority	The driver for maximising profit is the company's top priority
Subsistence priority	Long-term survival through ensuring the security of livelihood; maintenance of a certain standard of living
Enlightened self-interest priority	Active in social issues with the conscious awareness of the positive influence that the owner-manager perceives this will have on their business
Social priority	Social values and actions are integrated into the business life and take priority over maximising profit

Source: Spence and Rutherfoord (2000)

Table 3.16 Profit-social activity matrix for SME owner-managers

Practice	Perspective	
	Profit maximising	**Profit Satisficing**
Socially inactive	Profit maximisation priority	Subsistence priority
Socially active	Enlightened self-interest priority	Social priority

Source: Spence and Rutherfoord (2000)

3.5 The theoretical framework of the research

3.5.1 Stakeholder theory: origin and purpose

The relationship between CSR and the notion of stakeholder theory has been debated for decades when investigating the impact of business on society (Jamali 2008). This section provides an overview of the previous studies on the stakeholder approach and theory and the implications in relation to CSR research.

It is not easy to demarcate the area of CSR literature since it is a broad topic, and often includes many fields such as business and social studies. Hence, CSR research usually involves stakeholder literature as a key element to explain the role of business in society. In this respect, Carroll (1991, p. 43) clarifies that "*There is a natural fit between the idea of corporate social responsibility and an organisation's stakeholders. […] The concept of stakeholder personalises social or societal responsibilities by delineating the specific groups or persons business should consider in its CSR orientation*". According to Kakabadse et al. (2005), both concepts of stakeholder and CSR are interdependent in the sense that if the purpose of CSR is to identify what responsibilities business has to achieve, the stakeholder concept discusses the idea of whom business is held liable to (or should have a responsibility towards).

Although the stakeholder concept has been widely studied over the past three decades (Carroll 2015), it is frequently portrayed as in opposition to the shareholder model, rather than as an extension of it (Kakabadse et al. 2005). The latter concept assumes that the only purpose of business is to serve shareholders' interests (Halal 2000; McAdam and Leonard 2003). While there is no consensus among researchers on what stakeholder theory entails (Harrison and Freeman 1999), Hillman et al. (2001, p. 299) argue that "*although a unified stakeholder theory with general acceptance has yet to emerge among stakeholder researchers […], there does appear to be some agreement regarding the general concepts embodied in the stakeholder theory*".

According to Freeman (1984, p. 31), the notion of 'stakeholder' first appeared in business research in a study by the Stanford Research Institute (SRI) in 1963. SRI defines stakeholders as those "*groups on which the organisation is dependant for its continued survival*". This explanation is based on the classic perception of the organisation which limits its target to the business shareholders whose objectives are the only requirement. This view prevailed in business literature until the revival period of the stakeholder theory started and gained momentum in the mid-80s with the publication of *'Strategic*

Management: A stakeholder approach' by Freeman (1984). In his book, Freeman (1984, p. 47) describes stakeholders as "*any group or individual who can affect or is affected by the achievement of the firm's objectives*". This entails that firms ought to pay attention to the expectations of a wide array of stakeholder groups, who would influence (or be influenced by) managerial choices and actions significantly (Brenner and Cochran 1991). Further, Jones and Wicks (1999) identify four key features of stakeholder theory: 1) there is a link between the firm and stakeholder groups; 2) the nature of this relationship is based on mutual interest; 3) there is a value associated with all stakeholders' interests; 4) stakeholder theory is centralised on management decisions. Similarly, Jones et al. (2002) outline the two primary approaches of stakeholder theory as follows: 1) firm decision-makers should address wide groups of stakeholders; 2) firm executives have commitments towards different stakeholder groups which include shareholders and beyond.

Stakeholder theorists propose a new approach to organising firms' responsibilities by satisfying the needs of other stakeholders which extend beyond the needs of shareholders only. In this regard, Freeman et al. (2010, p. 12) assert that stakeholder theory is somehow compatible with Friedman's view of maximising the profits of shareholders as *"the only way to maximize value sustainably is to satisfy stakeholders' interests"*. In other words, should they aim to serve the needs of shareholders, firms need to recognise and, to some extent, satisfy the expectations of stakeholders who are likely to affect its primary goal (Hawkins 2006). Moreover, some researchers even claim that the stakeholder approach seems to make commercial sense as it enables firms to increase shareholder value, and at the same time maximise the total value added (Phillips et al. 2003; Wallace 2003).

Again, Freeman revisited his definition in 2002 in terms of the benefit allocation and the stakeholders' power that influence managerial decision-making (Freeman and Phillips 2002). Later, he and his co-authors (Dunham et al. 2006) attempted to provide a direction on the level of importance each stakeholder group should be attributed by using the notions of *cooperation* and *collaboration* which enabled them to categorise stakeholders into distinct groups:

*"We hypothesise that a firm ought to interact with other communities that it affects or is affected by, seeking to understand their perspectives, listen to their preferences, and evaluate the impacts on them. Such interaction is best characterised as…**cooperation**…. it ought to be in closer community with those upon whom it relies for support – employees, suppliers and customers. Such interaction requires deeper commitment than that*

*necessary for the first set of communities. It requires a more active pursuit… – sharing interest, actions, and values. The firm's interaction with these groups must be…**collaboration"** (Dunham et al. 2006, p. 37-38).

3.5.2 Stakeholder definitions

Since the introduction of stakeholder theory by Freeman in 1984, academics have attempted to reshape this contested theory according to various assumptions and objectives. This resulted in the development of different theories which sometimes seemed to conflict with one another. The variety of definitions presented below (Table 3.17) demonstrates how the notion of stakeholder theory kept on evolving.

Table 3.17 Definitions of stakeholder

Authors	Definition of Stakeholder
Freeman (1984, p. 46)	'can affect or is affected by the achievement of the organisation's objectives'
Evan and Freeman (1988. p. 79)	'benefit from or are harmed by, and whose rights are violated or respected by, corporate actions'
Freeman and Evan (1990)	Contract holders
Goodpaster (1991)	(Strategic / moral) stakeholder
Hill and Jones (1992, p. 133)	'Constituents who have a legitimate claim on the firm established through the existence of an exchange relationship' who supply 'the firm with critical resources (contributions)and in exchange each expects its interests to be satisfied (by inducements).'
Carroll (1993, p. 60)	'Asserts to have one or more of the kinds of stakes in business' – may be affected or affect......
Freeman (1994, p. 15)	Participants in 'the human process of joint value creation'
Wicks et al. 1994, p. 483)	'interact with and give meaning and definition to the corporation'
Clarkson (1995, p. 106)	'bear some form of risk as a result of having invested some form of capital, human or financial, something of value, in a firm' or 'are placed at risk as a result of a firm's activities'
Donaldson and Preston (1995, p. 85)	'Persons or groups with legitimate interests in procedural and /or substantive aspects of corporate activities.'
Mitchell et al. (1997)	Stakeholder salience is assessed by possession of one or more of three attributes: power, legitimacy and urgency.
Freeman (2002)	'…redistribution of benefits…. redistribution of important decision-making power to all stakeholders'

Source: Sen (2011)

The above table illustrates that the initial definition of Freeman (1984), generally, concentrated on the connecting power between stakeholders and business. However, Evan and Freeman (1988), Donaldson and Preston (1995) and Clarkson (1995) highlight the moral dimension in this relationship. Further, the definition of Freeman and Evan (1990) focuses on contractual relationships; Mitchell et al. (1997) give significance to those stakeholders who possess power, legitimacy and urgency; while Goodpaster's (1991) definition urges business to observe ethical considerations while pursuing strategic objectives.

3.5.3 Classifications of stakeholders

The stakeholder approach suggested by Freeman (1984) could be a basic analysis tool that helps firms identify other stakeholders beyond the traditional view, which used to recognise shareholders only. Figure 3.8 illustrates the stakeholder approach as depicted by Freeman (1984).

Figure 3.8 Business stakeholders (adopted from Freeman 1984)
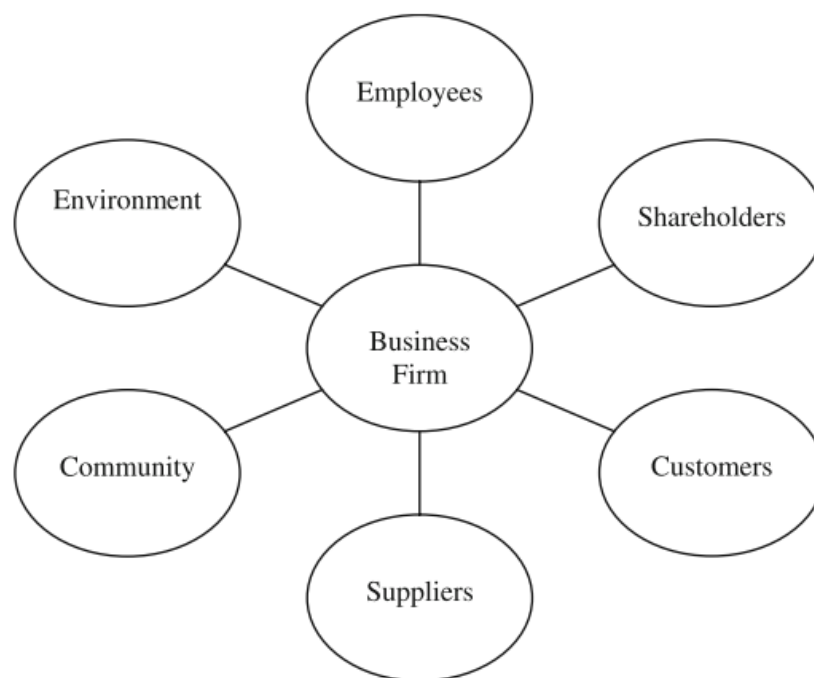
Several scholars have attempted to classify stakeholders to assist firms to relate appropriately to different stakeholder groups with varying relative importance, where firms can adopt these classifications to rank their stakeholders accordingly.

Goodpaster (1991) classifies stakeholders into two major groups depending on the notion of "corporation with conscience". Strategic stakeholders are the ones that can affect the profitability of the business. The stakeholder group that is affected by a business's

activities is identified as moral stakeholders. Goodpaster (1991) suggests that although it is difficult to treat both groups equally, managers should recognise the ethical dimension when developing business strategy. Evan and Freeman (1988) take the level of business impact on stakeholders into consideration while classifying stakeholders. According to them, narrow stakeholders are those who are impacted substantially by business operations. This group includes employees, suppliers, shareholders and customers who consume the firm's product directly. Conversely, those who have indirect exposure to the firm's activities are called wider stakeholders. This group usually involves wider society, government and other peripheral groups. The primary/secondary stakeholder model was developed by Clarkson (1995) who classifies stakeholders according to how crucial they are for a business. Primary stakeholders incorporate employees, investors, shareholders, suppliers and customers. Secondary stakeholders are the ones who are less likely to be vital to business survival. 'External and internal stakeholder' is also one of the widely accepted frameworks (Johnson and Scholes 2002). Others prefer the classification of social/non-social stakeholders (Wheeler and Sillanpää 1998). In general, commonly recognised stakeholders involve shareholders, employees, suppliers, rivals, NGOs, media, government, local community, and wider society (Carrol 1991). Some scholars advocate that the natural environment (e.g. Starik 1995; Phillips and Reichart 2000; Driscoll and Starik 2004) and God (e.g. Schwartz 2006) are also significant stakeholders for businesses.

One of the widely recognised stakeholder analysis tools is the Stakeholder Salience Model. This model, developed by Mitchell et al. (1997), classifies stakeholders according to their importance. They suggest a ranking of stakeholders depending on their salience level measured by their possession of one or more of three attributes: 1) power –the ability of stakeholders to influence the firm; 2) legitimacy –the authority level of stakeholders on the firm; 3) urgency –the claim of stakeholders for urgent action.

The salience model (Figure 3.9) classifies stakeholders into several categories. The first is the stakeholders possessing only one attribute. They are labelled as latent stakeholders and identified as a low salience group. This category is classified into three sub-categories: dormant, discretionary, and demanding stakeholders (Figure 3.9, area 1, 2, 3). The second category is the stakeholders that possess two attributes, termed expectant stakeholders with a moderate level of salience. This group is sub-categorised as dominant, dangerous, and dependent stakeholders (Figure 3.9, area 4, 5, 6). In case all three attributes are presented in the relationship between stakeholders and the firm, (Figure 3.9,

area 7), then priority is given to this category in terms of attending to and meeting their expectations. However, the last category falls out of the salience model (Figure 3.9, area 8) and is considered as a non-stakeholder group since it does not possess any of the three attributes.

Figure 3.9 Stakeholder Salience Model (Mitchell et al. 1997, p.872)
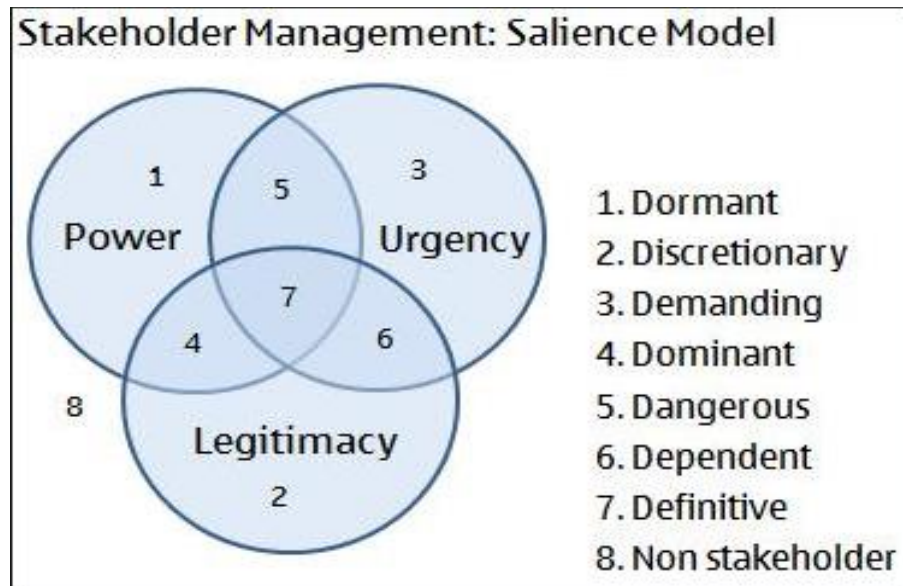
3.5.4 Approaches to stakeholder theory

A majority of the research included in the literature follows a descriptive stakeholder approach, which seeks to explore the perceptions of participants on the degree of influence of various stakeholders on their firm's CSR decisions (Brickson 2007). The literature has also investigated two other approaches to stakeholder theory; namely, instrumental stakeholder theory and normative stakeholder theory (Miles 2017). The instrumental aspect of stakeholder theory considers that the firm is an instrument for generating wealth by utilising CSR as a strategic tool to achieve financial objectives (Garriga and Mele 2004). On the other hand, normative stakeholder theory is concerned with ethical obligations towards stakeholders, building on the relationship that binds business and society (Jamali 2008). According to Hummels (1998), the instrumental dimension of stakeholder theory is occasionally viewed as 'primary' while the normative aspect of stakeholder theory is frequently regarded as 'critical'.

Some criticism is associated with the instrumental stakeholder theory because it justifies the involvement of stakeholders' expectations in CSR strategy from an economic point of view only; i.e. ignoring moral reasons. Pursuing financial gains is fundamental to business but may risk overlooking the role of business as 'a good citizen' and end up being merely self-interested (Goodpaster 1991; L'Etang 1995). In general, stakeholder

theory is also criticised for its vagueness when it is put into practice (Kakabadse et al. 2005). Firms find themselves overwhelmed in practice because they may attempt to produce every sort of social value for a wide array of stakeholders; but in reality, they are faced with limited resources and bounded rationality. In response to this issue, Jamali (2008) suggests that firms may need to classify their stakeholders at the discretion of their decision-makers, which is motivated by instrumental and/or normative dimensions. Hence, scholars (e.g. Schwartz 2006; Miles 2017) suggest using some stakeholder analysis tools such as the stakeholder salience model by Mitchell et al. (1997) to prioritise a firm's stakeholders appropriately. This, in turn, shows that the descriptive stakeholder methodology is an effective tool to investigate an organisation's approach to their stakeholders (Jamali 2008).

3.5.5 Applications of stakeholder theory

Many scholars have employed stakeholder theory to assess CSR behaviour in business (Wood 1991). The study of Longo et al. (2005) examined CSR and Corporate Social Performance (CSP) in Italian SMEs by identifying the expectations of key stakeholders which lead businesses to create value for them. This resulted in developing a framework called the grid of value (Table 3.18). This model links each stakeholder group with value classes that meet their needs respectively. These value classes were drawn from the previous research and frameworks, in addition to the analyses of existing sustainability reports and a range of social audits. According to Longo et al. (2005), firms need to meet the expectations of no less than half of the value classes associated with each stakeholder group to be classified as 'socially responsible'.

Table 3.18 The grid of values (Longo et al. 2005)

Stakeholder group	Expectations divided into value classes
Employees	Health and safety at work Development of workers' skills Wellbeing and satisfaction of the worker Quality of work Social equity
Suppliers	The partnership between ordering company and supplier Selection and analysis systems of suppliers
Customers	Product quality Safety of customer during the use of products Consumer protection Transparency of consumer information on products
Community	Creation of added value for the community Environmental safety and protection

A similar study in the Cypriot context (Papasolomou-Doukakis et al. 2005) adopted stakeholder theory to explore the CSR attitudes within businesses and their role for addressing CSR opportunities to gain a strong reputation. The justification for employing stakeholder theory is that stakeholders often influence or are influenced by business activities; thus, can impose various responsibilities on businesses. Six key stakeholder groups were selected in the study. These stakeholders are employees, community, consumers, investors, suppliers and the environment. Each group has been specified with a list of CSR actions as demonstrated in Table 3.19 below. The findings of the study indicate that Cypriot firms give top priority to consumers and employees in their CSR agenda, second priority to the community and lowest priority to investors, suppliers and the environment.

Table 3.19 Related CSR actions to each stakeholder

Stakeholders	Related CSR actions
Consumers	Respects the rights of consumers
	Offers quality products and services
	Provides information that is truthful, honest and useful
	Products and services provided are safe and fit with their intended use
	Avoids false and misleading advertising
	Discloses all substantial risks associated with product or service
	Avoids sales promotions that are deceptive/manipulative
	Avoids manipulating the availability of a product for the purpose of exploitation
	Avoids engagement in price-fixing
Employees	Provides a family-friendly work environment
	Engages in responsible human resource management
	Provides an equitable reward and wage system for employees
	Engages in open and flexible communication with employees
	Invests in employee development
	Encourages freedom of speech and promotes employee rights to speak up and report their concerns at work
	Provides childcare support/paternity/maternity leave in addition to what is expected by law
	Engages in employment diversity in hiring and promoting women, ethnic minorities and the physically handicapped
	Promotes dignified and fair treatment of all employees
Community	Fosters reciprocal relationships between the corporation and community
	Invests in communities in which a corporation operates
	Launches community development activities
	Encourages employee participation in community projects
Investors	Strives for a competitive return on investment
	Engages in fair and honest business practices in relationships with shareholders
Suppliers	Engages in fair trading transactions with suppliers
Environment	Demonstrates a commitment to sustainable development
	Demonstrates a commitment to the environment

Source: Jamali (2008)

A more relevant study for this thesis is the one conducted by Jamali et al. (2009), which investigated the stakeholder management of SMEs in a Lebanese context. Jamali et al. (2009) concluded that SMEs primarily focused on internal stakeholders, i.e. issues related to staff wellbeing. The findings also suggest that SME stakeholder relationships lean more towards normative stakeholder orientation with more affinity with the local community. Further, Jamali et al. (2009) reported that SME stakeholder management is characterised by intimate and personal interaction with stakeholders. Table 3.20 lists some studies that employed stakeholder theory to analyse CSR in SMEs.

Table 3.20 Studies using stakeholder theory to explain CSR in SMEs

Authors	Research topic	Key findings
Perrini et al. (2007)	Analysing CSR strategies of SMEs and large firms in Italy based on the multi-stakeholder perspectives.	• Large companies are more likely to address various stakeholders' expectations, while SMEs demonstrate a stronger willingness in acknowledging the significance of CSR along the supply chain. • Both SMEs and large firms share the same willingness to support community volunteering.
Sweeney (2007)	Understanding the CSR nature of SMEs and large firms in Ireland.	• CSR is defined along main stakeholders, e.g. employees, customers, environment, and community, for large firms, while SMEs recognise CSR as doing business responsibly and contributing to local community.
Hammann et al. (2009)	Evaluating the relationship between CSR management and the value creation of SMEs in Germany.	• The findings suggest that CSR practices towards employees, customers, and society can create (economic) value for SMEs.
Russo and Perrini (2010)	Comparing CSR orientation of large firms and SMEs through the application of stakeholder theory and social capital theory.	• SMEs maintain a strong relationship with internal stakeholders to improve their licence to operate. However, they fail to formalise this relationship through managerial instruments such as CSR reporting and code of ethics.
Spence (2016)	Enhancing the relevance of stakeholder theory for small businesses.	• The ethic of care is helpful for explaining empirical findings of CSR in SMEs. • The developed versions of CSR theory for the study are more relevant when applied in the SME-CSR context.
Slabá (2016)	Mapping significant stakeholder groups of SMEs in Czech Republic.	• Key stakeholder groups include customers, employees, rivals, suppliers, and media
Ansong (2017)	The role of stakeholder engagement in assisting Ghanaian SMEs to access external finance.	• Engaging stakeholders in designing CSR initiatives enables SMEs to gain access to external financial resources.

Developed by the researcher

3.6 Literature review summary and conclusion

The discussion in this chapter (section 3.2) highlights that the vagueness in the conceptualisation of CSR has created a dilemma for businesses as to how they may integrate CSR into their business strategy effectively (Waddock 2004). This ambiguity also may impede productive engagement in theory building and the measurement of CSR outcomes (McWilliams and Siegel 2001; Dahlsrud 2008).

Section 3.2 also suggests that CSR's evolution passed through a series of developments, from something subversive to something established, from something defensive/operational to something more potentially positive and strategic, and from something relatively simple in terms of perceived issues and stakeholders to something more complex in terms of the emergence of competing themes, e.g. corporate citizenship, stakeholder management, and creating shared value, that started to gain popularity in the last decade.

Much of CSR's evolution has been dominated by the study of CSR in developed contexts, and it is only relatively recently that developing country contexts have become a major focus for CSR research, most of which have been conducted in far east Asia, India, and South Africa, with the least attention to the MENA region. Overall, the CSR literature suggests that more research is necessary to fill the knowledge gap in the relationship between business and society in under-studied areas such as the MENA region. Accordingly, the current study is an attempt to fill this knowledge gap in CSR research by investigating CSR development in the context of KSA, which potentially could bring about distinctive results and implications, and eventually could provide a significant contribution to advancing CSR research, policy and practice in KSA.

The systematic literature review (section 3.3) reinforces the above point, illustrating that there is incipient literature on CSR in KSA. This literature is overwhelmingly descriptive, while the focus on conceptualisation is almost overlooked. Quantitative studies have a significant share, in spite of the exploratory nature of a considerable number among these studies (e.g. Ali and Al-Aali 2012; Mandurah et al. 2012; Khurshid et al. 2013; Nalband and Al-Amri 2013). This may suggest that the researchers had the intention to generalise the results, or possibly, to save time and cost. Also, it could be due to the fact that the researchers are extending existing CSR models/theories by quantitatively testing them in a new setting.

To sum up, the existing literature on CSR in KSA has shed some light on the development of the concept in the country, its level of awareness and some description of the current CSR practices of Saudi firms. It also underscores the most significant factors that influence CSR in the kingdom; namely, religion, government and MNCs. However, there is an obvious gap on the role of SMEs for the same. Although the current GDP contribution of SMEs is less significant, as the government aims to increase their GDP contribution to 35% by 2030, there is an urgent need to explore the role of SMEs for addressing CSR opportunities in KSA. As the SLR notes (section 3.3), only one study was conducted in this regard, by Khurshid et al. (2016) using a quantitative method. This justifies the necessity for more in-depth investigation using a qualitative method to understand the different views of Saudi SMEs on CSR, and to appreciate how and why CSR is adopted.

Therefore, it was necessary to also review the literature relevant to CSR in SMEs (section 3.4). This review suggests that there is a general agreement that the SME sector is a significant player in both the economy and society due to several factors such as their substantial market share and their contribution to employment. Hence, there has been growing attention in terms of CSR studies that investigate SMEs' contribution to the CSR agenda, most of which were conducted in developed contexts. Although these studies provide a significant contribution to CSR understanding, management, motivations, benefits and challenges amongst SMEs, they may not be relevant in other contexts. Jenkins (2006, p. 254) underscores the "*need for sector, size and location specific research to reflect the diversity of SMEs and for more relevant case study evidence to be available*". For instance, the SME definition varies based on the social and economic circumstances of a particular context. Another example is the CSR language and terminology used among SMEs which is a topic of ongoing debate even in the Western context. Hence, it is likely that CSR conceptualisations within SMEs in KSA would be distinctive, given their contextual differences owing to socio-cultural, political, and economic factors (Tilt 2016). Therefore, this research attempts to address this gap by investigating the concept, its meaning and application in the context of KSA, with a focus on examining CSR perceptions of SME owner-managers, and thereby adding to the current understanding within CSR literature. It would also be interesting to examine topics similar to those highlighted in this section (section 3.4 CSR in SMEs) but in a different context, i.e. the KSA context, given that research in this area is scarce.

To carry out this research enquiry, it was essential to employ a theoretical framework that is relevant to the research topic. The discussion in section 3.5 suggests that stakeholder theory provides a useful theoretical lens, which could assist in explaining the business-society relationship. While CSR addresses what responsibilities firms need to fulfil, stakeholder theory aims to identify to whom firms should be accountable. The stakeholder approach seemed to be addressing the abstraction that the CSR concept can be perceived as suffering from by providing a practical approach for evaluating a firm's performance in relation to their key stakeholders. Jamali (2008, p.229) asserts that '*stakeholder theory seems easier to manoeuvre in collecting and analysing CSR data as evidenced by the proliferation of empirical studies that have essentially integrated a stakeholder approach to CSR. It thus increasingly represents a concrete alternative to traditional taxonomic models on offer'*.

Freeman's (1984) stakeholder theory and Mitchell et al.'s (1997) stakeholder salience model have both aided in reshaping our understanding of the businesses in terms of considering wider interest groups, thus forming new managerial understanding and practice. Also, as highlighted in section 3.4.6, the stakeholder approach is increasingly recognised as an effective tool that may distinguish SME stakeholder relationships from those of large companies. Hence, the current research is one of the first studies to apply the stakeholder theory and the stakeholder salient model to investigate and analyse CSR practices of SMEs within KSA.

3.7 Summary of research gaps and questions

A comprehensive review of the literature around the research topic detected several knowledge gaps from which nine research questions were derived to guide the empirical work of this study. Table 3.21 outlines the key areas of research and their relevant questions, which were used to guide the data collection and analysis.

Table 3.21 Summary of the research gaps and their relevant questions

Research area	Research Questions (RQ)	Derived from
Managerial values	RQ1. What are the business values of SME owner-managers; and how do these values influence firm engagement in CSR activities?	Section 3.4.8
CSR understanding and awareness	RQ2. What is Saudi SMEs' conception of their role in society and what are their social priorities?	Sections 3.3 and 3.4.4
Contextual factors	RQ3. What are the significant contextual factors that influence SMEs' CSR engagement? RQ4. What is the nature and extent of that influence; and what are the implications for that influence?	Sections 2.3 and 3.3.4
CSR activities and management	RQ5. What are Saudi SMEs doing in the area of CSR; and how do they manage CSR activities?	Sections 3.4 and 3.6
CSR motivations, benefits, and challenges	RQ6. What motivates Saudi SMEs to engage in CSR activities; and are they strategically or morally motivated? RQ7. What are the benefits that Saudi SMEs would gain through their engagement in CSR activities? RQ8. What are the perceived challenges that may hinder Saudi SMEs to engage in CSR activities?	Sections 3.4 and 3.6
Stakeholders' influence	RQ9. Which stakeholders are significant to Saudi SMEs in relation to CSR; and to what extent? RQ10. How do Saudi SMEs manage the CSR expectations of their stakeholders?	Section 3.4.6

As the literature suggests that the commitment of SME owner-managers is crucial for CSR to work successfully because they are considered both the drivers and the implementers of their own values (see section 3.4.8), this study's first area of investigation is the managerial values that influence CSR decisions in SMEs, which were explored by the application of the first research question (RQ1). RQ1 was also used as an introductory question to make sense of owner-managers' business orientations, thus helping to better understand their responses to the following research questions.

The literature review also indicated that there is a dearth of CSR research in KSA, particularly the SME sector (see sections 3.3 and 3.4.4). Hence, the second question (RQ2) was designed to address this knowledge gap by critically evaluating the participants' understanding of their business role in society and their awareness of the term CSR.

The research context review (see section 2.3) highlighted that KSA has key contextual factors, e.g. Islamic values, legal system, education, and MNCs, which have a profound influence on business and social activities. This was reinforced in the SLR (see section 3.3.4), which concluded that these factors are significant in understanding how context can influence CSR development in KSA. Consequently, the impact and implications of the contextual factors that influence SMEs' CSR engagement were assessed using RQ3-4.

Although the review about CSR in SMEs in developed countries (see section 3.4) pointed out that there is a substantial contribution to CSR understanding, practices, management, motivations, benefits and challenges amongst SMEs, they may not be relevant in other contexts (see section 3.6). Hence, RQ5 was used to develop a deeper insight into the nature of Saudi SMEs' CSR activities and their CSR management approach, while RQs 6-8 provided first-hand knowledge of CSR motivations, benefits and challenges, as perceived by the participants, helping to identify potential factors that would encourage/hinder Saudi SMEs' CSR engagement.

As highlighted in section 3.4.6, the stakeholder approach is increasingly recognised as an effective tool that may distinguish SME stakeholder relationships from those of large companies, the final two research questions (RQ9& 10) were used to analyse the significant stakeholders that influence CSR engagement of SMEs, and the processes through which they manage their stakeholders' CSR expectations and their implications.

4. Research Methodology

4.1 Introduction

Chapter 3 reviewed the literature relevant to the main research topics. Three principle academic fields were identified, those being CSR, SMEs, and stakeholder theory. The economic, political, and socio-cultural contexts of KSA were also introduced and evaluated in chapter 2. The main research gap that emerged from this evaluation was the lack of in-depth, qualitative, and contextually-rich information on how CSR is perceived and practised by Saudi SMEs.

This chapter seeks to describe and justify the research methodology adopted in this study to fill the identified gaps in knowledge. According to Creswell (2007), the validity of research can be increased by presenting and justifying an effective methodology. This chapter is structured in the following order. Section 4.2 sets the scene by outlining the philosophical stance and the chosen research paradigm underpinning the study. This includes a detailed description of the ontological, epistemological, and axiological positions adopted. It also explains the reasoning approach of this study with respect to the relationship between theory and research. The last part of section 4.2 provides a full justification for the chosen research paradigm. Section 4.3 presents the research design and starts by detailing the research purpose, strategy, and the adopted data collection techniques. The following sub-sections explain the sampling procedures, fieldwork, and the framework in which this data was analysed. Finally, the trustworthiness of this study is discussed. Figure 4.1 below summarises both the philosophical assumptions and the research design underpinning this study.

Figure 4.1 Overview of the research methodology
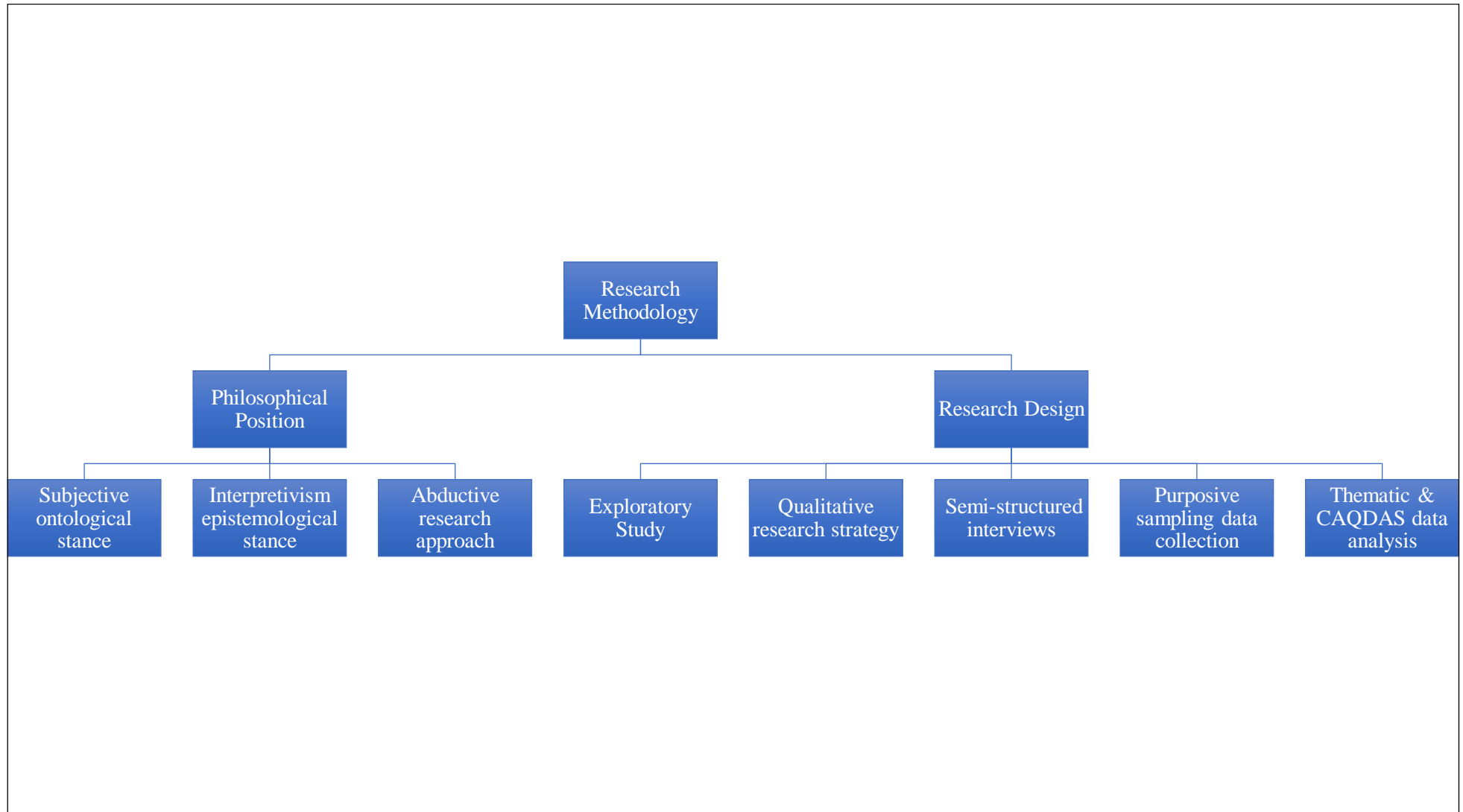
4.2 Research philosophies and paradigms

The *'system of beliefs and assumptions about the development of knowledge'* (Saunders et al. 2016, p.124) is known as research philosophy, also referred to as 'paradigm' (Silverman 2013) or 'research paradigm' (Denzin and Lincoln 2011). Other authors like Crotty (1998), for instance, prefer to term it 'theoretical perspective', while Creswell (2014) chose to call it 'worldview'. According to Johnson and Duberley (2000), the paradigm guides the researcher on how research should be carried out, and addresses the basic belief that characterises the researcher's view of the world, thereby influencing the researcher's choice of methodology. Some academics view research paradigm as a perspective: a series of queries that may help the researcher to recognise the relationship between context and process (Corbin and Strauss 2008). An interesting definition offered by Willis et al. (2007, p.8) describes the paradigm as a *'comprehensive belief system, world view, or framework that guides research and practice in the field'*.

There exists a diverse mix of paradigms that researchers can choose from according to their belief systems (Burrell and Morgan 1979). For example, Saunders et al. (2016) highlight five paradigms in business and management: positivism, critical realism, interpretivism, postmodernism, and pragmatism. Guba and Lincoln (1994) identify positivism and constructionism as the major paradigms that exhibit the two major contrasting views. Similarly, Easterby-Smith et al. (2008) use positivism but replace 'constructionism' with the term 'interpretivism' to describe the two major paradigms that represent both ends of the philosophical assumptions spectrum. The following subsections summarise the three philosophical assumptions of ontology, epistemology, and axiology, that conceptualise the research paradigm. According to Bahari (2010), different philosophical assumptions could lead to different understandings of the same social phenomenon, influencing the research design of the study. Therefore, these assumptions are crucial for helping the researcher select the appropriate methodology for gaining the required knowledge (Guba and Lincoln 1994).

4.2.1 Ontology

Ontological stance addresses questions about 1) the shape and type of reality, and 2) the researcher's beliefs about how the world functions. Blaikie (2000, p.8) describes ontology as *'the claims and assumptions that are made about the nature of social reality, claims about what exists, what it looks like, what units make it up and how these units interact with each other. In short, ontological assumptions are concerned with what we believe*

constitutes social reality'. According to Symon and Cassell (2012), ontology focuses on finding whether the social phenomenon under investigation exists in isolation of our knowledge and views, or it exists as a result of them. Consequently, social reality is classified into two ontological positions: **objectivism** and **subjectivism**.

Objectivism implies that the social phenomenon exists in a reality that is *'external to social actors'*, while subjectivism depicts the stance that the reality is a production of the social actors' perceptions and is mainly concerned with the *'consequent actions of social actors'* (Saunders et al. 2009, p.110-111). The debate about the nature of reality is extended between both ontological positions. Objectivists believe in the static nature of the world and the existence of one true reality. By contrast, subjectivists advocate that there are multiple realities, which are socially constructed. These realities are developed according to social actors' understanding of situations as well as their social interactions and experience (Martin and Sugarman 1996). According to Saunders et al. (2009, p. 111), the social interactions between people are *'a continual process in that through the process of social interaction these social phenomena are in a constant state of revision'*. Therefore, it is crucial for the researcher to investigate a topic thoroughly, by including all possible contextual factors including economic, political, socio-cultural, geographical, and historical factors to capture what is occurring and how realities are developed and experienced (Saunders et al. 2016). For this reason, this research adopts a subjective ontological position. CSR is a contested concept, the understanding of which is socially constructed. People's perceptions about the relationship between business and society are complex, ambiguous, and cannot be seen as one true reality. The way CSR is managed and practised is also influenced by the owner-managers' perceptions and the various expectations of relevant stakeholders, all of which can be captured by interpreting the subjective meaning of participants' beliefs, views, and understanding in a certain context. A detailed justification for this philosophical position will be provided in the following sections.

4.2.2 Epistemology

The epistemological question concerns the way in which knowledge about a phenomenon was obtained, what associates the researcher with the knowledge to be acquired, how this knowledge can be transferred to others, but most importantly, what is considered to be evident, valid, and acceptable knowledge in a specific field of study (Saunders et al. 2016). As such, a researcher's epistemological stance indicates their assumptions about

the appropriate way to obtain knowledge in order to understand social phenomena (Easterby-Smith et al. 2012).

To better understand epistemology, it is helpful to contrast the two most commonly adopted research paradigms, i.e. positivism and interpretivism, which represent both ends of a spectrum of assumptions (Collis and Hussey 2003).

4.2.2.1 Positivism

Natural scientists are usually the best example of researchers who represent the positivist epistemological position. According to positivists, objects under study have a clear-cut meaning that is detached from the researcher's perceptions and awareness (Crotty 1998). For positivists, knowledge is either true or false and nothing in between. Hence, knowledge obtained by positivists should be accurate and absolute. It is often confirmed through highly structured analysis and is explained through statistics and numbers. Further, positivists adopt a deductive approach by using available theories to build their hypotheses, which they accept or reject based on the results gained from their analysis of collected data (Bryman and Bell 2015). This paradigm is usually involved with quantitative research because the worldview of positivists is an observable social reality associated with propositions examined quantitatively. Generalisation and replication are two significant advantages of research adopting a positivistic paradigm (Saunders et al. 2016). Remenyi et al. (1998, p. 32) point out that positivism is an epistemological stance involving a belief in *'an observable social reality and that the end product of such research can be law-like generalisations similar to those produced by physical and natural scientists'*.

A key assumption of the positivistic paradigm is that research should be conducted in a value-free way (Saunders et al. 2009), thus *'the researcher is independent of and neither affects nor is affected by the subject of the research'* (Remenyi et al. 1998, p. 33). Although this principle is beneficial in some research fields, it might be viewed as a limitation in a complex world, which needs the involvement of the investigator to uncover the subjective meanings of the phenomenon under study to explain it thoroughly. This is how the interpretivist paradigm gained its popularity as it tackles what positivism fails to address within social science research.

4.2.2.2 Interpretivism

Interpretivism adopts a subjective ontological position and is concerned with understanding the different feelings and attitudes of humans (social actors) towards the

social phenomenon under investigation (Saunders et al. 2009). Some authors refer to this paradigm as 'social constructionism' (Robson 2011) denoting that various phenomena are socially constructed by individuals. Interpretivism views reality as multiple and subject to change over time. That is mainly because social actors' perceptions of reality are constantly influenced by their different cultural, historical, and contextual backgrounds (Guba and Lincoln 1994; Crotty 1998). Hence, interpretivism contrasts with positivism, which assumes only one objective reality, by emphasising that the differences between humans and objects should be respected. Therefore, researchers need to capture the subjective meaning of human actions (Bryman and Bell 2015). Saunders et al. (2016, p. 140) point out that the social world is complex and therefore *'interpretivists are critical of the positivist attempts to discover definite, universal 'laws' that apply to everybody. Rather they believe that rich insights into humanity are lost if such complexity is reduced entirely to a series of law-like generalisations'*. According to this perspective, interpretivists focus on creating new, richer insights and interpretations of social worlds by interacting with social actors to create research findings (Creswell 2014; Saunders et al. 2016). Data in this paradigm are not only collected or detected but rather co-produced, reflecting the interactive nature between the researcher and the participants of the study (Holstein and Gubrium 2004). Accordingly, qualitative research is a preferable method for interpretivists to obtain significant findings by using several data collection techniques such as in-depth interviews, ethnography, focus groups, and observations (Coffey and Atkinson 1996).

Given these key principles, the interpretivism paradigm seemed the appropriate philosophical approach to explore how SMEs perceive and practice CSR within a specific context, i.e. KSA. The significance of context to the interpretivist perspective is substantially useful for examining firms (Marschan-Piekkari and Welch 2004). As put by Miller et al. (2004, p. 332), *'complexity and context are placed at the centre of qualitative social scientific research on organisations. Context is stressed, not stripped'*. A further detailed justification for the chosen paradigm for this study is provided in a later section (section 4.2.5).

4.2.3 Axiology

Judgments about the role of values and ethics in research are the central idea that axiological considerations revolve around (Creswell 2007; Saunders et al. 2009). According to positivists, researchers should be independent of the subject of the study and should focus only on the relationship between the research process and the research

topic. Therefore, the research is carried out without imposing any value judgments and is 'value-free'. In contrast, 'value-laden' research is the axiological position of interpretivists who believe that value judgments need to be regarded by the researcher (Easterby-Smith et al. 2012).

This research explores the role of SMEs in addressing CSR issues in KSA from SME owner-managers' perspectives. This requires them to share their perceptions and judgments about their role in society and relationships with different stakeholders, which will form a central part of the research findings. Consequently, the researcher needs to pay significant attention to personal interaction with respondents in order to interpret and identify social patterns that explain the phenomenon under study. In a nutshell, the axiology in this study is value-laden because it considers that values form a substantial constituent of the research findings.

4.2.4 Theory development approaches

Researchers need to clarify their position about the relationship between theory and their research to design the research appropriately. Two contrasting approaches describing the nature of the relationship between theory and research are (a) the deductive approach when research is guided by theory and (b) the inductive approach where research generates theory. However, a third, the abductive, combining both deductive and inductive within one study has become more popular in recent years, particularly in qualitative research, in order to overcome the limitations associated with deductive and inductive traditions (Bryman and Bell 2015). Saunders et al.'s (2016) summary comparing the three approaches is shown in table 4.1.

Table 4.1 Major distinctions among deductive, inductive, and abductive approaches

	Deduction	**Induction**	**Abduction**
Logic	In deductive inference, when the premises are true, the conclusion must also be true	In inductive inference, known premises are used to generate untested conclusions	In an abductive inference, known premises are used to generate testable conclusions
Generalisability	Generalising from the general to the specific	Generalising from the specific to the general	Generalising from the interactions between the specific and the general
Use of data	Data collection is used to evaluate propositions or hypotheses related to an existing theory	Data collection is used to explore a phenomenon, identify themes and patterns and create a conceptual framework	Data collection is used to explore a phenomenon, identify themes and patterns, locate these in a conceptual framework and test this through subsequent data collection and so forth
Theory	Theory falsification or verification	Theory generation and building	Theory generation or modification; incorporating existing theory where appropriate, to build a new theory or modify existing theory

Source: Saunders et al. (2016, p.145).

4.2.4.1 Deductive approach

This approach is also known as the 'testing theory' approach because the researcher employs existing theories to build hypotheses, which are eventually subjected to empirical scrutiny (Bryman and Bell 2015). Data is collected and analysed to accept or reject the derived hypotheses and draw final conclusions. One of the characteristics that mark this approach is that hypotheses are built from theory in an operationalised way in order to allow facts to be measured, mostly quantitatively. Further, the deduction can be adopted to explain cause-effect relationships between different concepts and variables. Generalisability is another characteristic that signifies the deductive approach (Saunders et al. 2016).

4.2.4.2 Inductive approach

The emergence of inductive approaches in the 20th century allowed social scientists to argue that explanations of the causal relationship between variables are insufficient without understanding how humans perceived their social world. Induction is often used by researchers to build theory as they commence research by gathering and then analysing data from which theory is formulated (Bryman and Bell 2015). This can generate a deeper understanding of the nature of a problem and the interpretivism paradigm is popular amongst those working in complex and evolving areas with qualitative methods, since it allows for more structural flexibility, in order to obtain diverse views of phenomena (Easterby-Smith et al. 2012). Induction is also useful for those who are particularly concerned with the context in which the studied phenomenon takes place.

4.2.4.3 Abductive approach

Abduction is suggested to resolve the weakness of deductive logic, which is represented in its dependence on a rigid structure of theory testing, and its unclear approach for choosing the theory to be tested. An abductive approach is also helpful in overcoming the induction weakness, which lies on its difficulty in specifying an amount of empirical data that is sufficient for theory building. Instead of adopting a position where theory guides data (as in deduction), or where data generates theory (as in induction), abduction combines both traditions in a pragmatic approach by moving back and forth between data collected empirically from the social world, and with the literature as a source of theory. Abduction starts by observing a 'surprising fact' and then seeking to explain it by working out a logical theory of how it could have happened, thereby making it less surprising (Mantere and Ketokivi 2013). These surprises can be encountered at any stage of the

research process, even when writing up the research report (Van Maanen et al. 2007). Van Maanen et al. (2007) also argue that abduction is complemented by both deductive and inductive approaches as *'logics for testing plausible theories'* (cited in Saunders et al. 2016, p. 148).

The reasoning for this research is abductive because it uses approaches in combination. Saunders et al. (2016) point out that if there is a wealth of literature about a topic in one context, but there is little existing information in the context in which the research is taking place, then abduction is a more appropriate approach because it allows for adapting existing theory. This is the case for this study where CSR is a popular topic in the Western context where there is an abundance of literature and theories, but the same topic is understudied in the context of Saudi SMEs and there is a significant knowledge gap about how CSR is perceived and managed in this context. Additionally, Mantere and Ketokivi (2013) suggest three types of reasoning in business research: theory-testing research, inductive case research, and interpretive research. They argue that interpretive research has a different way of theory development where it involves a dialogical process between the studied phenomenon and theory, producing *'reflexive narratives, not explanatory models or theoretical propositions'* (Mantere and Ketokivi 2013, p. 75). Hence, this type of research is occasionally associated with an abductive approach. Since this study is interpretive research, abduction can be a useful approach in enabling the researcher to adapt existing theories and frameworks as well as to build new ones inductively. The following section presents a detailed justification for why interpretive research has been selected for this study.

4.2.5 Justification for the chosen research paradigm

To summarise, the ontological stance of this study is subjective, the epistemological stance is interpretivist, and the axiological stance rests on the assumption that this study is value-laden research, as the researcher cannot be independent from the subject under investigation. The researcher sought to employ the interpretivist research paradigm for the following reasons:

First, **CSR is a dynamic phenomenon**. Interpretivism has a higher adaptive capacity to changing circumstances and can accommodate new ideas and issues as they arise (Easterby-Smith et al. 2012). Carroll (1999) asserts that CSR is a constantly evolving process rather than a set of outcomes. As a concept, CSR has emerged from the social interactions amongst social actors who, over time, have constantly described and refined

the notion according to the ongoing changes in the relationships and expectations between firms and society. This is demonstrated in two major domains. First, in the development of various concepts and definitions that represent the same reasoning behind the CSR notion, e.g. corporate citizenship, sustainability, business ethics, stakeholder management, corporate social responsiveness, and corporate social performance (Carroll 2015). Second, CSR has transformed over the decades according to the constantly changing expectations of stakeholders. This transformation was evident in the shift from only focusing on increasing shareholder wealth to broadly creating shared value for all stakeholders (see section 3.2.3).

The second reason for choosing the interpretivism paradigm is that **CSR is a context-sensitive phenomenon** as social expectations vary according to the diversity of contextual factors, e.g. economic, political, and cultural factors, among different nations. Thus, there is no consensus on what CSR actually entails. The CSR notion means different things to different individuals at different times in different contexts. Studies in business ethics indicate that there is no universal CSR framework that can fit all. Although there has been an acceptance of some CSR standards and principles under global umbrellas, such as UNGC and ISO 26000, CSR is mostly described and practised according to the local understanding of the concept (Visser and Tolhurst 2010). For instance, Visser (2008) reconstructed Carroll's (1979) CSR pyramid to suit the contextual setting of developing countries (See section 3.2.4). Similarly, Arab countries have unique characteristics due to their distinctive social structures formed by the cultural and religious values that construct the social fabric of the Arab world. Thus, it is hard to generalise about the business case and motivations for CSR in different contexts, i.e. Western and Middle Eastern contexts (Pelley 2010). Based on this discussion, social reality is addressed, in this study, as one that is interpreted differently across contexts (Silverman 2013). Therefore, interpretivism can be useful in highlighting the debate among social actors from different contexts around the CSR concept. An interpretivist approach becomes more valuable when it is employed in the SME context, where the business case for CSR is confusing due to the unclear definition that has been reported in the literature (Peel and Bridge 1998; Garriga and Mele 2004). Hence, it is expected that SME owner-managers would place various interpretations on the term 'CSR', based on the lens through which they see the world. As a result, these interpretations will significantly influence their business relationship with society.

The complexity of the CSR phenomenon is the third reason for selecting the interpretivist approach. CSR is a concept that is challenging to recognise or describe particularly in the case of SMEs. It might be confused with other terms used by SME owner-managers to describe different business practices related to employees, environment, or society (Murillo and Lozano 2006). Therefore, qualitative research, grounded in interpretivism, can identify patterns, enabling the researcher to detect new themes that would unpack this complex phenomenon, and potentially clarify key concepts through interpretative discussions (Curry et al. 2009). In contrast, the narrow focus of the positivist paradigm, which tests causal relationships between a set of variables in a controlled way, does not provide the flexibility needed to deeply understand the social phenomenon. It also does not require the researcher to be directly in touch with research participants, ignoring a significant factor that causes the complexity of the phenomenon. Consequently, the researcher will not be able to efficiently and reliably capture the full picture (Crotty 1998; Silverman 2013).

Finally, **there is a dearth of CSR research in KSA, particularly within the SME context,** resulting in a lack of existing context-specific theories. Unlike quantitative research, which is a useful approach for theory testing, qualitative research is a valuable tool for building theories and generating knowledge (Collis and Hussey 2003). According to Gibbert et al. (2008), a qualitative approach is the best way for studying emerging phenomena. Further, Prasad (2005) argues that interpretivism puts a strong emphasis on human interpretation as a key for generating knowledge within the social world.

For all the aforementioned reasons, the researcher decided to employ a qualitative approach from an interpretivist viewpoint in order to achieve the objectives of this study. The following section will provide more details about this research design, outlining the research strategy, the method used for data collection, sampling, and the data analysis procedures and techniques.

4.3 Research design

According to Creswell (2009, p. 3) research design is *'the plan and procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis'*. This will incorporate clearly defined objectives drawn from the research questions, determine the sources from which the researcher is planning to collect data, and explain ethical considerations and the challenges associated with the data collection process such as time, money, and access to data (Saunders et al. 2016). Authors in research methods have suggested many different research designs, using different and inconsistent terminologies (see for example Crotty 1998; Saunders et al. 2009; Denzin and Lincoln 2011; Creswell 2014) which could lead to confusion. Terms like research design, research strategy, and research approach can mean different things to different authors. For example, Bryman and Bell (2015) and Saunders et al. (2016) use research design and research strategy conversely. According to Bryman and Bell (2015), research strategies include qualitative, quantitative, and mixed methods research, while research designs include experimental, cross-sectional, longitudinal, case study, and comparative design. On the other hand, Saunders et al. (2016) divide research strategies into experiment, survey, archival, case study, ethnography, action research, grounded theory, and narrative inquiry, while they view qualitative, quantitative, and mixed-method research as the three types of research designs. Furthermore, Silverman (2013) points out that research can be broadly classified as either quantitative or qualitative research, or more precisely as grounded theory, case study, action research etc. To avoid such confusion, the researcher sought to broadly define the overall research design/strategy of this study as qualitative research.

Before discussing the research design/strategy of this study in detail, it is sensible to identify the purpose of the research via the research question and objectives (Saunders et al. 2016).

4.3.1 Purpose of the research

Churchill (1999) classifies business and management research into three types: descriptive, explanatory, and exploratory studies. The purpose of this study is exploratory in nature, thus more light will be shed on the nature of such studies. However, the other two types will also be highlighted briefly in the following summary (Table 4.2) that compares the three types of studies.

Table 4.2 Types of studies based on the purpose of the research

Descriptive studies	Explanatory studies	Exploratory studies
• Used to *'portray an accurate profile of person, event, or situation'* (Robson 2002, p. 59). • Suitable for answering how, where, and who questions using either quantitative or qualitative methods. • They can be an extension of an explanatory study and at times an exploratory study (Saunders et al. 2016). • It is important to form an accurate picture of the studied phenomenon before starting the data collection. Hence, it needs highly skilled researchers in order to achieve a precise description (Robson 2002).	• Also referred to as causal studies because they are used for explaining causal relationships between a set of variables (Saunders et al. 2016). • Statistical analysis of collected data is used to explain the correlation between variables, to answer the research question. • Seek to answer 'how' and 'why' questions by using quantitative methods. They may also be associated with qualitative methods when the research includes 'why', 'what', and 'who' questions (Saunders et al. 2016).	• Common among qualitative researchers who seek to gain a deeper insight into an underdeveloped research area (Hair et al. 2007). • The practical nature of these studies enables the researcher to effectively assess what is happening, gain new insights, and ask probing questions in order to achieve a better understanding of a situation (Robson 2002). • Additional data is required to precisely explain the phenomenon under study (Blaikie 2000; Hair et al. 2007; Sounders et al. 2009). • The flexibility of exploratory research is advantageous because it can adapt to surprising data at any stage of the research process (Sounders et al. 2009). • Data collected through several techniques, e.g. literature review, interviews with experts of a specific subject, and focus group interviews (Saunders et al. 2016).

Source: developed by the researcher

Based on the above comparison, the current study can be classified as an exploratory study as it attempts to explore CSR within an under-researched area such as SMEs in KSA. Exploratory studies are recommended for the current study because they enable the researcher to select appropriate techniques for investigating CSR in SMEs (Spence 1999; Belak and Milfelner 2011). The utilisation of qualitative techniques in the initial phase of research is appreciated as it can detect emerging themes, and address unanticipated events (Gibbert et al. 2008). As a result, the present research employs a qualitative research strategy for investigating CSR among Saudi SMEs, based on semi-structured interviews

with owner-managers. More details on qualitative research and its data collection techniques will be provided in the following sub-sections.

4.3.2 Research strategy

A research strategy is the *'general orientation to the conduct of business research'* (Bryman and Bell 2015, p. 37). Qualitative research and quantitative research are two distinctive strategies that represent contrasting views in terms of the relationship between theory and research, epistemological assumptions, and ontological assumptions (Bryman and Bell 2015). According to Saunders et al. (2009), the researcher's selection between both strategies is based on four factors: the nature of the research question and objectives, the amount of existing knowledge, the resources available, i.e. time and money, for conducting the research, and the philosophical considerations of the researcher.

4.3.2.1 Quantitative research

Quantitative research is defined as *'a research strategy that emphasises quantification in the collection and analysis of data'* (Bryman 2012, p. 35). The main emphasis of quantitative research is on testing the correlation between a set of variables. These variables can be measured using statistical techniques. The process often involves a collection of numerical data that is analysed objectively in order to confirm or falsify hypotheses which are developed from existing theories (Leedy and Ormrod 2005; Silverman 2013). Its focus on theory testing reflects the position of positivists and follows the natural scientist's practices and norms in which the researcher should be considered external to the reality under consideration (Bryman and Bell 2015). A key advantage of quantitative research is its ability to generalise the research conclusions (Arksey and Knight 1999) because it usually involves numerical data collected from a relatively large sample (Ticehurst and Veal 2000).

4.3.2.2 Qualitative research

Qualitative research is described as *'any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantifications'* (Corbin and Strauss 2008, p. 17). Hence, it mainly uses words rather than numbers in order to interpret, define and explain a phenomenon (Van Maanen 1983). Qualitative research is a suitable strategy for those who aim to understand and explore a particular phenomenon. It normally involves collecting data from participants in a natural setting, which is analysed inductively to conclude broad themes. These themes will then be interpreted subjectively in order to construct meanings, which will eventually be presented as a

theory (Creswell 2014). Data collection techniques such as interviews and observations are normally used by qualitative researchers to explore complex and emerging phenomena amongst smaller numbers of people or places than those involved in quantitative studies (Creswell 2007). According to Denzin and Lincoln (1998), qualitative research is characterised by its use of a less positivist stance, allowing researchers to pursue multiple ways to assess their work through different perspectives. It also has the ability to precisely obtain social actors' perceptions by using different techniques such as detailed interviewing and observation. Further, qualitative research has the capacity to unpack the details of everyday life, acquiring "thick descriptions" of the phenomenon under investigation (Dawson 2012).

Creswell (2007) reports several reasons for conducting a qualitative study. First, it is the most suitable approach for exploratory studies. That is, researchers are more focused on exploring a problem rather than relying on earlier studies. Second, the qualitative strategy can be utilised when there is a need to collect detailed information about a topic from individuals in their natural setting, either directly through word of mouth or through observation. Third, qualitative data can be collected to understand a topic in a particular context. A fourth reason could be that the researcher would like to give participants the liberty to tell their story and discuss it with them in an interactive way. Finally, qualitative research is the best tool to develop theories in under-developed research areas.

Therefore, qualitative research was an adequate strategy to fulfil the objectives of this study. Authors like Hannabuss (1996), Creswell (2007), and Hair et al. (2007) argue that a qualitative strategy is an appropriate tool if researchers want to gain an in-depth understanding of the topic under investigation. This study is trying to explore the relationship between SMEs and society by examining the owner-managers' perceptions of this relationship, the way they manage this relationship, and the significant contextual factors that shape this relationship.

Although qualitative research is more appropriate for this study than quantitative research, it has some limitations that must be taken into consideration. First, the findings reported by qualitative research are often context-specific and therefore cannot be generalised to a wider population, unlike quantitative research (Bryman and Bell 2015). However, this has been disputed by some authors, who argue that qualitative research does not aim to generalise results in the same manner as quantitative, but rather focuses on providing reliable and realistic data, and on identifying issues that can offer significant insights into a specific topic that quantitative research might fail to identify (Creswell

2007). Subjectivity is another criticism of qualitative research since it depends significantly on the researcher's unstructured views and their perspectives of what is considered a substantial finding. Further, the relationship between the researcher and social actors involved in the study may impact the direction of the research conclusions (Bryman 2012). The subjective nature of the qualitative study also may cause some challenges in study replication because it reflects a specific social setting, and often depends on the researcher's interest and understanding (Bryman 2012). However, despite criticism of the subjectivity and loose structure of qualitative research, its prime advantage stems from its ability to reveal hidden sides of human and organisational characteristics that would otherwise stay concealed.

4.3.3 Data collection

Data in any research is collected through two major sources: Primary data that has been newly collected and recorded close to the event under study; and secondary data that has been already collected by others for other purposes (Saunders et al. 2009). This study utilised both sources of data to fulfil the purpose of the research.

4.3.3.1 Secondary data

Qualitative secondary data is usually collected from peer-reviewed journals, scholarly articles, textbooks, and web database (Adams et al. 2007). A review of relevant literature was used in this study to comprehend theories around CSR conceptualisation, management, and practices. Previous studies on CSR in SMEs in both developed and developing countries were evaluated as a foundation for this study. This data guided the researcher in investigating the CSR perceptions and practices in Saudi SMEs in terms of formulating the appropriate research questions for the study. However, due to the dearth in CSR research in developing countries, particularly in the Saudi context, secondary data on its own was not sufficient to achieve the research objectives, and primary data was essential to answer the research questions (Hair et al. 2007; Saunders et al. 2009).

4.3.3.2 Primary data

Different authors suggest a range of qualitative primary data collection techniques such as observation (with or without participation), interviews, the Delphi Method and focus groups (Sekaran and Bougie 2016). This section will discuss interview methods in general with a particular focus on semi-structured interviews, as they are the selected data collection technique for this study given their suitability for investigating the main area of interest.

Burgess (1984, p. 102) describes qualitative interviews as *'a conversation with purpose'*. They can vary from highly structured to completely unstructured (Gephart 2004) and in their level of formality (Hannabuss 1996; Saunders et al. 2016). They often involve two parties in a dialogue comprising questions and answers. Questions are aimed at collecting a range of information, involving beliefs, attitudes, and values (Bryman 2001). According to Arksey and Knight (1999, p. 4) interviews help to explore *'areas of broad cultural consensus and people's more personal, private and special understandings'*. A significant advantage of interviews identified by Saunders et al. (2009) is that they enable researchers to collect valid and reliable information pertaining to the study questions.

One form of interviews is unstructured, also known as in-depth interviews (Saunders et al. 2016). This type of informal interview is likely to commence with no prearranged list of questions, although the researcher needs to have a clear idea about the topic he/she wants to explore. Hence, interviewees have the freedom to express their own feelings and thoughts about the topic under investigation. The questions in this type of interview are driven from the direction taken in the conversation with each participant, and the main role of the researcher is to probe for further clarification when needed (Payne and Payne 2004). This enables the researcher to gain deeper insight and to gather detailed information about the topic under study (Hair et al. 2007; Saunders et al. 2009).

The most commonly used interview method, which is employed in this study, is semi-structured interviews. They combine both structured and unstructured elements because they include open-ended questions (Walliman 2006). Unlike unstructured interviews, questions in semi-structured interviews are pre-determined. These questions act as an 'interview guide' because they enable the researcher to explore the area addressed by the questions (Saunders et al. 2009). Although a set of questions is pre-arranged, the interviewer can probe with more questions and change the sequence of questions depending on the flow of the conversation (Saunders et al. 2016). Further, interviewees are given the opportunity to raise new issues that might help in developing new themes (Bryman 2001; Collis and Hussey 2003). Thus, the interviewer can make sure that important questions are addressed while simultaneously allowing flexibility. However, researchers must be careful not to use this flexibility to ask leading questions that may influence an interviewee's answers (Bryman 2001).

Given the popularity of interviews in qualitative research, some authors (Fielding and Thomas 2001; Holstein and Gubrium 2004) call for extra efforts from researchers to justify their use as a data collection tool. Some even go further by suggesting that

interviews should be chosen as the last option *'until all alternatives have been carefully and, above all, imaginatively considered'* (Bechhofer and Paterson 2000, p.57).

This study used semi-structured interviews as a technique to collect the required data mainly for three reasons. First, interviews are recognised for their ability to obtain and discover the subjective meanings and interpretations of interviewees particularly as stated by them (Warren 2001). This is significant for this study because it focuses on key people, mostly owner-managers, responsible for addressing CSR issues within their firms. Interviews help to understand their personal perspectives, values, and experience of CSR and its management and practices. The second reason stems from the fact that it is a practical technique to overcome time constraints associated with the busy nature of businesspeople, who are usually overloaded with work pressure, and it might not be convenient for them to participate in other qualitative methods, e.g. focus group. The last reason lies in the flexibility of interviews, which allows the researcher to probe further with questions based on the interviewee's answers to the pre-determined questions (Bufkin 2006). This allows interviewees to provide additional explanation (May 2011), along with the liberty to disclose unnoticed behaviours, perceptions and values about the topic being studied. Despite their flexibility, the organised nature of semi-structured interviews does not allow the conversation to be completely open, keeping it controlled within the context of the study area (May 2011).

Like other methods, interviews suffer from several limitations, including both time and money constraints (Payne and Payne 2004). According to Payne and Payne (2004, p. 132), transcribing recorded material from interviews is *'probably the most tedious and time-consuming'* task in the research process. Another disadvantage concerns interview bias, which includes response bias, bias because of poorly designed questions, and reflexivity, where the researcher unknowingly influences the participant's opinion (Yin 2018). One type of bias, known as Socially Desirable Responding (SDR), was one of the interview-based challenges in this study and avoiding it was a key concern for the researcher. Typically, SDR refers to participants responding to questions in ways regarded as socially and morally correct (Bain 1993). In some cases, however, this kind of response may occur as *'a general tendency to give desirable answers on all self-reports'* (Paulhus 2016, p.1). In other words, it may give the opposite effect, i.e. profit-based priorities rather than pro-society. To overcome this limitation, a list of prompts and indirect questions were used to allow the owner-managers to talk around the key questions and therefore, reveal some underlying values that motivate them to run their business

(Fisher 1993). Further, repeated reading of the interview transcripts was carried out to identify dominant values throughout the interviews.

4.3.4 Sampling and data sources

Sampling is a vital part of the research process because the selection of samples has a significant impact on the study's findings (Saunders et al. 2016). For selecting the appropriate samples in this study, it is important to define the sampling strategy, the targeted population, and the sample size.

Several sampling methods can be adopted in qualitative research; however, non-probability sampling is generally driven by interpretivist epistemological research, the position of the current study. This method chooses samples based on the subjective judgment of the researcher, which depends on the characteristics of potential informants who could enable the researcher to obtain insightful information into the topic addressed by the research (Patton 2002; Saunders et al. 2016).

Non-probability sampling has several techniques such as quota, purposive, volunteer, and haphazard (Saunders et al. 2016). This research follows a purposive sampling technique, which is the most widespread and successful technique according to Miles and Huberman (1994). The reason for this is that purposive sampling involves a group of informants that are purposefully selected to provide rich information relevant to the research topic (Saini and Shlonsky 2012). Describing the purposive technique, Polkinghorne (2005, p.140) states that it is *'a purposive selection of participants and documents that can serve as providers of significant accounts of the experience under investigation'*. The main strength of this technique lies in its ability to assist the researcher in identifying participants who possess extensive information about the research topic; hence, they can provide the required data (Williamson 2006).

The targeted population in this study consists of two groups. The first group was SME owner-managers in KSA (the core study), while the second group included representatives from government agencies that are shaping the context of the SME sector within the country (the supplementary study). This grouping strategy allowed for comparisons between the inputs of both groups, providing further explanation of the perspectives of the first group (SMEs). This approach provided extra value and robustness to the outcomes of the research. It is called *'peripheral sampling'* by Miles and Huberman (1984, p.34), who emphasise the importance of working outside the periphery, by having a discussion with individuals who are not the focus of the study but are adjacent to it. This

strategy, they assert, has the ability to provide comparative and contrasting insights, which can enable researchers to better comprehend the issue under study.

The first round of interviews focused on the first group, SME owner-managers. To increase rigour in the methodology, a clear definition of SMEs within the Saudi context is significant (See section 3.4.2 for the definition of SMEs in KSA provided by Monshaat). As the research aimed to increase the chance of collecting insightful data about CSR in the Saudi context, the first step was to find potential non-micro SME owner-managers who are interested in talking about their business relationship with society. This deliberate sampling bias may affect the generalisability of this research as the purposeful sampling was skewed towards those who were engaging with CSR as well as non-micro SMEs. However, many of the research outcomes can still be transferable and useful to other small businesses, e.g. as an example of CSR good practice (Jenkins 2006).

The researcher approached two government agencies, i.e. JCC and Monshaat, to gain access to the database of SMEs available in the Western Province. As it was a newly established agency, Monshaat had not yet developed a database for Saudi SMEs, while JCC provided a list of all companies combined regardless of their size or type. Therefore, identifying SMEs within this list was a time-consuming task. Further, none of the SMEs in the provided list had a well-developed website to help identify those who may have some CSR orientation. Nevertheless, all possible SMEs were contacted via email addressed to the owner-managers inviting them to participate in the study by explaining the purpose of the research and the possible benefits they may gain from their participation. However, the response rate was quite poor as almost 90% did not reply to the invitation letters, and the rest declined to participate.

For the above reasons, it was necessary to use an alternative strategy to gain access to the targeted population. Accordingly, the new sampling strategy consisted of two phases. First, the researcher relied on his previous work relationships, thus verbally contacted a few potential SME owner-managers whom he had a past work relationship with. The second phase was based on a snowball sampling technique, where early participants were requested to draw on their connections and knowledge about who could be interested in the CSR topic and can be a further participant in the study. This strategy proved to be successful as the researcher managed to convince twenty-four owner-managers to take part in face-to-face interviews.

With respect to sample size, Jawale (2012) suggests that the sample size in purposive sampling is determined based on the achievement of data saturation. Data saturation is

described as *'the point in data collection when no new additional data is found that develop aspects of a conceptual category'* (Francis et al. 2010, p. 1230). Therefore, the idea of data saturation was adopted in this study as it helped the researcher to determine the suitable sample size of the study. The researcher felt that the saturation point was nearly achieved by the twentieth interview, but as the remaining interviews were pre-scheduled, he decided to complete the rest.

The second sampling group included representatives of government agencies. Four government agencies were contacted directly, wherein the researcher visited their sites personally to ask for permission to conduct interviews with departments relevant to the subject under study. Figure 4.2 depicts the timeline of the data collection process in this study. More details about the fieldwork process will be provided in the following section.

Figure 4.2 Timeline of the data collection process

First-round (contacting SMEs)
- Two government agencies were contacted to gain access to SME database.
- SMEs were contacted via email.
- Poor response rate.

First-round (Contacting SMEs)
- Personal contact with few SMEs.
- Early participants nominated further participants (snowballing).
- Satisfactory response rate.

First-round (conducting interviews with SMEs)
- Interviews conducted in Apr-May 2018.
- Interviews lasted between 40 to 90 minutes.
- Total 24 interviews.

First round (translation, transcription, and initial analysis)
- Interviews voice recorded, transcribed (Arabic), then translated (English).
- Data stored into NVivo software.
- First-round reading to identify issues that need further clarification in the second-round interviews.

Second-round (contacting Gov. officials)
- Four government agencies were contacted directly.
- The researcher visited gov. sites personally.

Second-round (conducting interviews with Gov. officials)
- Interviews conducted in Sep-Oct 2018.
- Interviews time was around 60 minutes.
- Total 8 interviews.

4.3.5 Fieldwork

This research was conducted in the western province of Saudi Arabia. Saudi Arabia is a Middle Eastern oil-rich country with a population of 30 million and extends 2.15 million sq. km in the Arabian Peninsula. As a significant part of the country is an arid land, people are concentrated in major urban centres such as Riyadh, Jeddah, and Makkah, where most industries are located. Therefore, both groups of participants, i.e. SME owner-managers and the representatives of government agencies, were from the two major cities, Jeddah and Makkah. These cities were selected for two reasons. First, they are among the most highly populated cities in the kingdom where many SMEs operate. Second, Jeddah is the home city of the researcher and Makkah is in close proximity, allowing the research to be resource-efficient in terms of time and money.

The fieldwork was conducted in two rounds at different times. The first round included twenty-four interviews with owner-managers of small-medium size firms, while the second round involved interviews with eight representatives from four government agencies.

The interviews were semi-structured, giving participants the opportunity to express their perceptions and understanding of the phenomenon being studied. An interview guide with a list of themes and questions (Appendix A) was employed to make sure that all issues of interest were addressed. This guide also ensured that the different responses for each question are consistent and comparable.

4.3.5.1 Interviews with the first group (SMEs)

The first round of interviews took place between April and May 2018. They were conducted mostly with owner-managers who typically possess full control over the strategic decisions of their firms and therefore the CSR approach of the company is influenced by their personal beliefs, actions and decisions. Seven firms were run by either a general manager or managing director, who was given complete authority by the owners. One participant was a HR director, who was nominated by the owner as the person involved in CSR management within the firm. All the other sixteen firms were run by either the owners or their sons.

Although this study was not planned to be industry-specific, analysis by type of industry, age and size may help in making some comparisons where appropriate. Table 4.3 illustrates the participating SMEs along with some demographic information related to the participants. The list includes the age of participants, their positions, the age of the

firm, number of employees and the broad industry sector they operate in. To ensure anonymity, SMEs and their respective participants were assigned unique IDs. For example, T1, T2...etc. refer to SMEs that operate in the trade sector, while codes such as 'EK' and 'BH' refer to the participants' names. As shown in Table 4.3, the largest group participating in the study were from the manufacturing (M) sector with seven SMEs, followed by the service (S) sector with six, then the trade (T) sector with four, hospitality (H) with three, two from health care (HC), and finally one from the construction (C) sector.

Regarding the nationality of the participants, the majority are Saudi nationals, twenty participants. The remaining four were from other Arabic nations, two from Sudan, one from Yemen, and one from Lebanon. However, each one of them had lived in the country for more than fifteen years, which suggests that they have sufficient experience with the local culture. Further, three of the expatriates had occupied their current positions for more than ten years and the Lebanese participant had inherited the business from his father. The reason for obtaining this information is to ensure that participants are qualified to discuss CSR issues within the Saudi cultural context.

Table 4.3 List of participating SMEs with their respective participants

SME's Name	Participant's Name	Age	Position	SME's Age	Number of Employees	Industry
M1	MT	49	Owner's son	30	100	Manufacturing
M2	FN	35	Owner	6	13	Manufacturing
M3	RD	65	Owner	20	16	Manufacturing
M4	YN	47	Owner	25	54	Manufacturing
M5	FM	45	Owner's Son	20	200	Manufacturing
M6	HG	51	Owner's Son	30	120	Manufacturing
M7	SC	50	GM	15	40	Manufacturing
M8	AS	40	GM	23	170	Manufacturing
T1	EK	50	Owner	18	30	Trade
T2	ST	30	Owner	3	32	Trade
T3	HA	38	Owner	40	210	Trade
T4	BL	50	Owner	47	55	Trade
H1	BH	42	Owner	10	20	Catering
H2	TK	58	Owner	17	37	Tourism
H3	AG	50	GM	17	245	Hospitality
S1	BF	45	Owner	5	30	Consultation
S2	NO	53	MD	12	50	IT
S3	AT	32	Owner's Son	30	60	Consultation
S4	HF	41	GM	15	73	Education
S5	MK	53	GM	24	50	Banking
S6	AM	43	Owner	5	22	Consultation
HC1	WH	45	MD	5	23	Health care
HC2	RB	30	HR director	7	30	Health care
C1	JA	40	Owner	10	23	Construction

The interviews began with a brief explanation of the research aim and objectives, and then participants were informed about the key areas for discussion:

1. Brief background about the owner-managers and their business, which included demographic information such as, age, education, position, age of the business, and the number of employees, the drives for commencing the business, and the business values of the owner-manager.
2. The owner-manager's conception of their business's role in society and their awareness of the term CSR.
3. The contextual factors that influence SMEs' CSR engagement.
4. The nature of SMEs' CSR activities and their CSR management approach.
5. CSR motivations, benefits and challenges.
6. The significant stakeholders for SMEs and their influence on CSR decisions.

The face-to-face interviews lasted between 40 to 90 minutes in locations suggested by the participants. All but two interviews were held at the business sites of the interviewees. The other two interviews were carried out at evening time in restaurants of their choice, as their work schedule did not permit the meeting during daytime hours.

4.3.5.2 Interviews with the second group (Government agencies)

The researcher sought to strengthen the validity of the study by conducting a further enquiry. The second round of interviews took place between September and October 2018 with eight representatives from four government agencies with a key role in shaping the context of the Saudi market in terms of developing and nurturing the SME sector. The outcomes of these interviews were used to clarify some narratives identified in the first-round interviews, and as an extra dimension that would provide insight into the context in which Saudi SMEs are operating.

Half of the participants were from JCC, two from Monshaat, one from MCI, and the last interviewee was from GAZT. The interviews were conducted in Arabic, as all interviewees were Saudis and chose to speak their first language. The semi-structured interview questions were similar to those used for interviewing Saudi SMEs. However, adjustments were made according to the relative position of each participant. For example, the discussion with the representative of GAZT was focused on the possible financial incentives that could be given to CSR active companies. The average time for each interview was around 60 minutes. For the purpose of anonymity and privacy, codes were used to indicate the names of each participant as illustrated in Table 4.4.

Table 4.4 Government authorities' representatives

Code	Government Authority	Qualification	Age
JC1	JCC	PhD	55
JC2	JCC	PhD	45
JC3	JCC	BSc	52
JC4	JCC	BSc	54
MA1	Monshaat	BE	36
MA2	Monshaat	MSc	28
MC	MCI	MBA	58
ZA	GAZT	BSc	31

4.3.6 Data analysis

Qualitative methods often produce a wealth of data, particularly semi-structured interviews, making it challenging for the researcher to draw insightful conclusions. A researcher needs to ensure that the methods used for data analysis conform to the ontological and epistemological position adopted in the research (Mason 2002). Yin (2018) suggests that data analysis is the most difficult stage of qualitative research as it involves a significant amount of information generated during the data collection stage. However, it is vital to carry out data analysis in an effective manner to achieve the research goals (Saunders et al 2009).

Data analysis in this study employed both computer-assisted qualitative analysis software (CAQDAS) and manual data analysis techniques as they can complement each other. Several CAQDAS programmes can assist researchers to analyse qualitative data. NVivo was employed in this research since it is widely used software for data analysis in qualitative research (Robson 2011). With respect to the manual analysis, thematic analysis was used as it is considered a common tool by qualitative researchers in social research (Bryman 2012). The process of using both analytical tools in this research is explained in more detail in the following sections.

4.3.6.1 NVivo 11 data analysis

The interviews were voice-recorded and transcribed in the Arabic language (the preferred language of the interviewees) before being translated into English. These documents were imported into a new NVivo project named 'CSR in SMEs' to enable the researcher to organise, review, and code a large amount of qualitative data (Welsh 2002). An example of one of the interview transcripts (Figure 4.3) is illustrated below:

Figure 4.3 Example of a document in NVivo
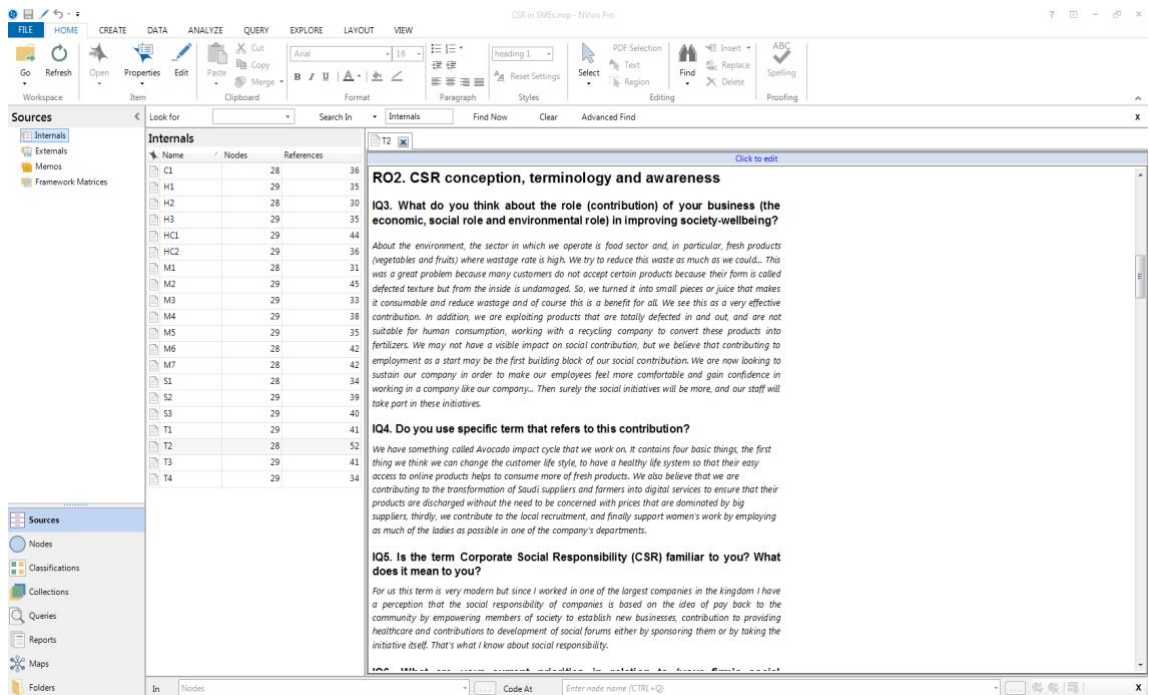
Source: Created by the researcher

NVivo also has the advantage of an auto coding feature, which allows the researcher to sort the participants' responses under different nodes. For example, all responses to interview question one could be gathered under a node named IQ1. Responses can also be sorted according to the research objectives. This makes it easier to compare and contrast different responses in the same location (Figure 4.4).

Figure 4.4 Example of nodes in NVivo
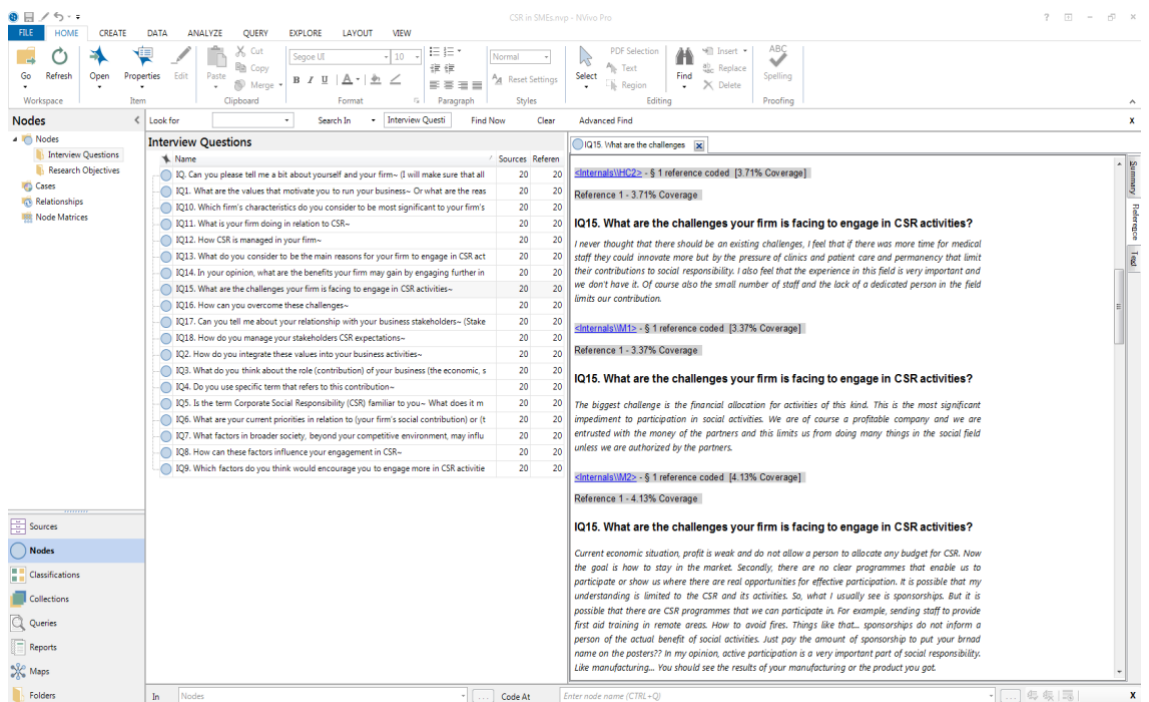
Source: Created by the researcher

Another feature offered by NVivo is its ability to run word frequency queries whereby the most frequently occurring words and phrases are calculated and displayed in terms of their counts and similar words, i.e. words of similar stems or roots (Figure 4.5). This feature helped to identify possible themes, especially in the early phase of data analysis. NVivo can also present the most frequently discussed words in different forms such as a 'word cloud' (Figure 4.6), which is a helpful visualisation of the data, and a 'treemap', which displays the top 100 words as a series of rectangles. The use of interesting words within the texts can be further explored by running a text search query, which can be run within the word frequency query or separately. That is, NVivo can display all texts that included the selected words and put them in context, helping the researcher to explore the contexts in which a word is mentioned and to see if an idea is prevalent in the data (see Figure 4.7). With NVivo, the researcher could use 'annotations' and 'memos' to comment and write observations about particular contents and link them to relevant sources. This was helpful for identifying interesting themes across the data (Welsh 2002). However, Walsh (2003) suggests that combining both computer-assisted software with manual methods can optimise the data analysis process and is likely to provide better results. Hence, the researcher sought to use the thematic analysis technique as a manual means for analysing the collected data. A good example that explains how NVivo worked alongside the thematic analysis is demonstrated in section 5.7 of the core findings chapter. More details about the thematic data analysis technique are outlined in the following section.

Figure 4.5 Example of 'word frequency query' in NVivo
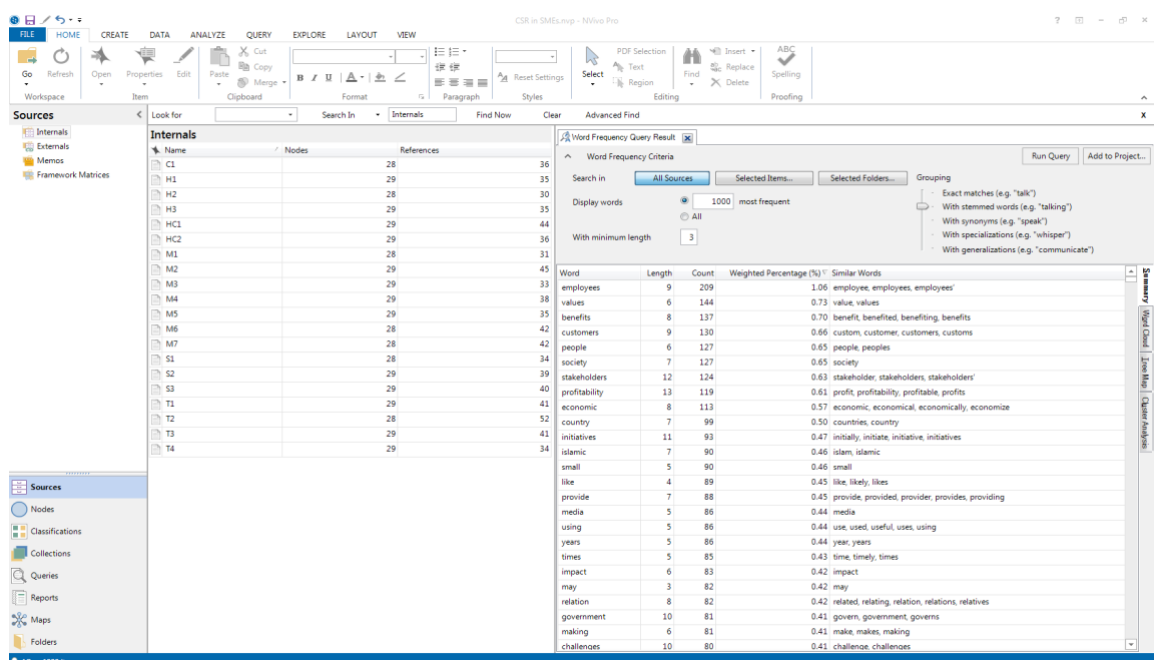
Source: Created by the researcher

Figure 4.6 Example of 'word cloud' in NVivo

Source: Created by the researcher

Figure 4.7 Example of 'word search query' in NVivo
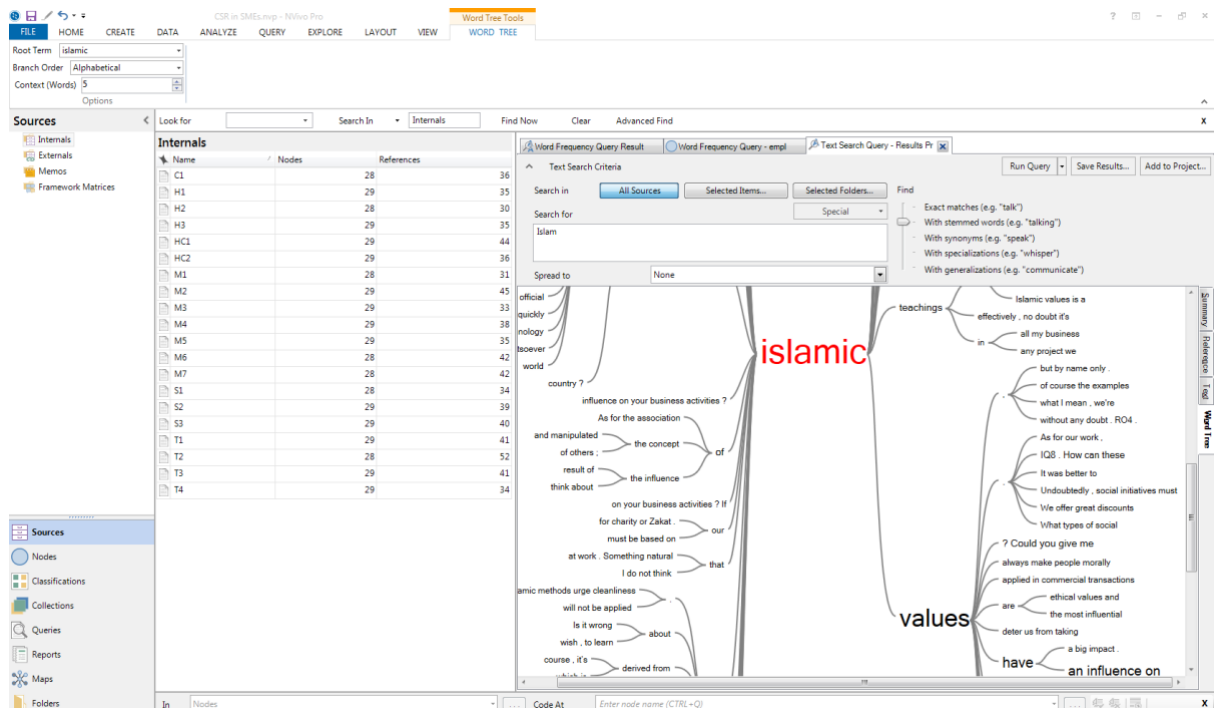
Source: Created by the researcher

4.3.6.2 Thematic data analysis

Thematic analysis is a useful tool for analysing open-ended questions because it is known for its realistic way of reporting participants' experiences in a real situation (Robson 2002). This data analysis technique is defined by Braun and Clarke (2006, p. 79) as *'a method for identifying, analysing, and reporting patterns (themes) within data. It minimally organises and describes your data set in (rich) detail'*. Boyatzis (1998) emphasises the organising nature of the thematic analysis, improving the accuracy of a wide range of information, thus enabling researchers to interpret and comprehend the actions and circumstances of individuals. Thematic analysis is recognised for its flexibility, which allows for a range of analytic alternatives, and for being accessible to scholars with limited experience of qualitative studies (Bryman 2012; Nowell et al. 2017).

The analysis in this study followed the thematic analysis guidelines of Braun and Clarke (2006), who suggest a six-phase framework: 1) familiarising yourself with the data; 2) generating initial codes; 3) searching for themes; 4) reviewing themes; 5) defining and naming themes; and finally 6) producing the report.

Having conducted the interviews in Arabic, the researcher had to first translate the interview content before transcribing them. This took considerable time as he preferred to personally perform this task, being sufficiently fluent in English and thoroughly engaged with the study, rather than relying on transcription services, which may save time but will likely compromise the accuracy of the transcripts as Arabic translators may not be very familiar with the local dialect. To further check the accuracy of the translation, Merriam and Tisdell (2015) suggest a 'back translation' strategy, whereby '*a bilingual person will be asked to translate some of your English back into the original language. The closer it comes to the original, the more reliable your translation'* (p.299). Hence, a colleague who is bilingual Arabic-English speaker was requested to check that the meaning had not been changed during translation and whether the translated materials was sufficiently clear and meaningful in English.

However, this daunting task made the next step (coding) much easier and faster because, by the end of the transcription process, the researcher had already made the first-round reading, allowing him to save time allocating codes and recalling quotes. Hence, the data analysis in this study began during the transcription process. The accuracy of transcriptions was checked several times against the voice-recorded materials. After each interview, the collected data was briefly analysed in order to inform and improve the following interviews.

Following the completion of all transcriptions, the researcher familiarised himself with the data by reading the transcripts repeatedly in order to become fully versed with them and to take initial notes of interesting ideas.

The second phase was the identification of initial codes. According to Braun and Clarke (2006), coding refers to the process of organising and classifying gathered data in a systematic approach. In this stage, all initial codes recognised as significant and relevant were noted down. Initial codes were listed in the side margins of the transcripts and then highlighted with different colours enabling thematic grouping in a later phase. To avoid overlooking any potential codes, an open coding technique was employed, which also allowed for a deeper investigation, providing rich information about the issue under study. It also assisted the researcher in identifying repeated keywords and concepts from the transcripts. This process was repeated several times to ensure that no initial code was overlooked. However, the researcher was aware of the potential limitation associated with this technique, which arises from the production of countless codes from the data.

The next stage of coding involved organising texts into meaningful segments and then labelling them accordingly. By then, it was possible to identify similarities and differences among the participants' responses concerning different issues discussed in the interviews. In this stage, the focus was on grouping initial codes together according to their relation to one another. This step was significant to refine and organise final codes and match them up with their relevant extracted data. The final step in the coding process was the exclusion of any duplicate and irrelevant codes. Table 4.5 illustrates an example of the process of coding data extracts and how initial codes were labelled as sub-themes then grouped to form a primary theme.

Table 4.5 Example of data coding for identifying SMEs' managerial values

Data extract	Initial code (Sub-theme)	Primary theme
'Islamic values…there existence ensures the continuity of the business and ignoring them would destroy the business' **(M1)**	Citing Islamic values as a business driver	
'It is a work and life essential, all stem from Islamic teachings' **(M5)**		
In anything I do, I first put God's satisfaction before me' **(M2)**	Seeking God's satisfaction	
'I don't expect anyone to appreciate what I've done. If I do it, it is for the sake of God' **(M3)**		
'I am accountable by God in doing my job properly' **(HC2)**		
'We are putting the verse of Quran "Woe to the defrauders" as a slogan to follow' **(M4)**	Use of religious slogans	**Religious belief**
'We here believe that empowerment is more important than charity, and this is the principle of Prophet Mohammad' **(T2)**	Religious Figure as a business role model	
'I always believed in the prophet Mohammed Saying, "The strong believer is better than the weak believer" **(H1)**		
'Social responsibility in our culture is an ethical and religious obligation in the first place' **(S6)**	Religious belief	

The next phase involved the process of identifying potential themes. This is facilitated by the previous phase of coding interesting ideas. After grouping codes of similar meaning together, they were linked with more than one relevant theme. Yet, some codes formed separate themes at times. All themes were reviewed again to see what possible connections could be established amongst them. Hence, some themes became sub-themes, while others were identified as primary themes.

The following phase involved reviewing the final themes against the data and naming them accordingly for use in the final phase to write up the findings. This final stage

produced a report summarising the complex story of the data in a clear style to convince the reader of the reliability and validity of this analysis.

4.3.7 Trustworthiness of the study

Trustworthiness in qualitative research is the equivalent of rigour in quantitative research. Quantitative research is usually concerned with the examination of internal validity, external validity, and reliability (Lincoln and Guba 1985). However, qualitative research has corresponding measures for examining the trustworthiness of a study. As suggested by Denzin and Lincoln (2011, p.13), the trustworthiness of qualitative research can be established by checking the following criteria: credibility, transferability, dependability, and conformity.

Credibility, as an analogue to internal validity, can be described as *'activities that increase the probability that credible findings will be produced'* (Lincoln and Guba 1985, p. 301). This can be established through several approaches including searching for representativeness, examining rival explanations, the weighting of evidence, and replicating the findings (Miles and Huberman 1994). Credibility was pursued in this research by conducting interviews with two different groups, SME owner-managers and representatives of government agencies. This helped the researcher to weigh the evidence and assess the quality of data. The government's representatives were adjacent to both the formation of the CSR phenomenon within the Saudi context, and to the SME sector. According to Miles and Huberman (1994), the accuracy of data can be improved by getting feedback from people who are well-versed in the topic under study. This was achieved by acquiring input from this group, and then comparing it with the responses of the other group, i.e. SME owner-managers. This strategy also enabled the researcher to replicate the findings of the same questions. Conducting data analysis during data gathering provided the researcher with the chance to compare similarities and differences of evidence gained from the two participating groups. 'Member-check' is another popular tactic used by qualitative researchers to enhance credibility. According to Merriam and Tisdell (2015, p. 246), *'member-check is to take your preliminary analysis back to some of the participants and ask whether your interpretation rings true'*. This tactic was used here as the researcher kept in constant contact with some of the participants to get their feedback on the transcripts of their interviews as well as to discuss the researcher's interpretation of the data to ensure that it accurately reflected their experiences.

Transferability (external validity in quantitative terms) refers to the extent to which the research findings are applicable to other contexts. Qualitative studies, like this one, usually focus on exploring a phenomenon to provide a thick description of a specific context (Lincoln and Guba 1986). Hence, generalisation was not the main concern in this study. However, this research might be applicable to other similar contexts, i.e. Middle Eastern and other developing countries, because they provide rich information and plausible explanations about the CSR conception, practices, and management in the Saudi context.

Confirmability and dependability are equivalent to reliability in quantitative research. Confirmability can be attained when others can repeat the same investigation process and achieve the same results (Goodnough 2011). Bryman and Bell (2015, p. 403) remark that the research is dependable when *'complete records are kept of all phases of the research process...in an accessible manner'*. Accordingly, dependability and the potential for confirmation were established here by providing a clear step-by-step guide data collection. Additionally, all relevant documents were stored in NVivo 11 software for replication purposes if necessary. Further, the research's aims and interview questions were discussed with the research supervisory team and revised accordingly in order to enhance the confidence and reliability of the research process.

4.3.8 Ethical considerations

There are different ethical issues that researchers experience during the research process. Babbie (2013, p. 21) emphasises that *"it is important to recognize [from the start] that ethical issues, particularly with reference to protecting subjects, may rule out certain research procedures and/or require certain elements in the research design"*. Ethical concerns are inevitable in qualitative research as it involves reporting people's behaviour. Hence, the researcher should be conscious of any potential ethical threat that might adversely affect the research.

According to Alston, M. and Bowles (2013), the researcher should be aware of five ethical issues including:

- Informants' autonomy: they must be given the freedom to accept or refuse participation.

- Confidentiality: it entails that gathered data must be protected and not used for purposes other than achieving the study objectives.

- self-determination: gaining 'informed consent' from participants.

- Observing participants' privacy by respecting their choice of refusing to answer any question.

Following Cardiff University's code of ethics, the researcher obtained the ethical approval from the ethics committee of Cardiff Business School before commencing the fieldwork (see Appendix D). Further, participants were presented with an information sheet (Appendix B) before starting the interviews. This sheet includes all details of the research, the contact details of the researcher and the supervisory team, and the purpose of the research. Participants were also requested to sign an informed consent declaration (Appendix C) stating that the participation is voluntary, participants have the right to withdraw at any stage of the study, the outcomes will be used for PhD research, and the information produced from the interviews will be voice-recorded, transcribed, and anonymously and securely stored by the researcher. In addition, the nature of the topic meant that participants would be asked questions relating to their businesses' conduct, including its conformance to the law, any potential conflicts between the process of managing the firm and the manager's religious beliefs, and the dependence on the firm of employees for their livelihoods. The researcher sought to remain vigilant for any signs of discomfort amongst participants in relation to these issues, and to follow the institution's code of conduct on ethical issues in an effort to manage and respond to any ethical challenges.

5. Core Findings and Discussions

5.1 Introduction

The previous chapter discussed the adopted research methodology for this study, which included a detailed overview of the interview process. It also provided a detailed background of the participating SMEs. This chapter presents the findings of the interviews conducted with the owner-managers of twenty-four SMEs in order to gain a deep understanding of their approach to addressing CSR, and their role in the development of this phenomenon in KSA (key areas of discussion were highlighted in section 4.3.5.1). These findings will be combined with a more elaborate commentary and discussion with reference to relevant literature.

The following sections present and discuss the results from the data analysis of the research questions. Data will be analysed using various theoretical frameworks. However, the main theory that will inform this work is stakeholder theory. The major themes embedded within data will be discussed and concluded in the light of relevant literature at the end of each section. The researcher will also comment on interesting minor themes identified throughout the analysis, and connect them to relevant literature, where applicable. Representative excerpts (*in italics*) are extracted from the interviews to illustrate the researcher's key findings.

5.2 Managerial values

5.2.1 Introduction

The participants were asked to identify the values that motivate them to run their business, their priorities, and the approaches they use to enact these values. The objective of these questions was to assess the role of owner-managers' personal values in the engagement of their businesses with CSR.

A number of remarks are worth highlighting before introducing the personal orientations of owner-managers. As stated in the methodology chapter, avoiding Socially Desirable Responding (SDR) was a key concern in this research. It was observed that when discussing business priorities with the participants, the initial responses of four participants focused on profitability. They perhaps assumed that this is how successful business should be manifested. The following quotes are examples of this kind of bias:

> *'No one does business except for the purpose of profitability'* (M3, RD)*, 'profitability is the main objective of any business'* (S3, AT).

The above examples represent a form of reverse SDR. Consequently, participants may have thought that this was the desirable reply to someone coming from a business school, where profit orientation is likely to be a key characteristic of successful businesses (see section 4.3.3.2 for details about SDR and how it was dealt with). Further, some owner-managers explained that their values tend to evolve over time, depending on several factors such as the current economic situation, their financial position, and their life experience:

> *'See, there was a target at first and another after the start of the business. At first, my goal was to create a business to achieve merit and prestigious social status. After the start of the business, the situation changed, frankly…there are other targets'* (M2, FN).

Some others emphasised the impact of the current economic condition on their values:

> *'It is a family company, the primary goal of business is profitability, but the goal is changing over time… now… due to the current economic downturn, our objective is continuity'* (M5, FM).

Expressing more than one value was evident among the majority of participants. It seemed that owner-managers viewed some values, such as profitability and growth, as vehicles to achieve other values. The example below illustrates how the owner-manager of a trading SME aimed to grow his business to achieve social values:

> *'In the beginning, I established this business as one branch with very limited capital and there was enough profit for me, but I thought of expanding and turning this business into a company in 2005 and I introduced partners with big capital. The focus was to open more branches and hire more staff, thus growing to be able to feed more families… and*

part of our goals was the wellbeing of staff and the provision of basic things that were not provided in small enterprises such as medical care, which was not mandatory in the past. Our number was 15, though we were looking to secure the staff health care and provide travel tickets for them and their families' (T1, EK).

Another owner-manager was profit-focused, but he felt that being socially active would bring him closer to his target:

'Responsibility towards the community is reflected in worker development in general. Of course, when a community is developed economically and educationally, this will be reflected positively on us as a firm'…whenever society is well developed then this will raise production, and increase profits' (M7, SC).

These observations reflect those of Spence and Rutherfoord (2000), who also found that owner-managers may simultaneously adopt multiple orientations, or change their values over time according to personal circumstances or market conditions. In their justification for their theoretical framework of managers' social perspectives, Spence and Rutherfoord (2000, p. 134) argue that *'frame analysis helps demonstrate the possible perspectives that an owner-manager may possess, not just the categorisation of owner-managers in a fixed typology'*.

Table 5.1 demonstrates the most common values recognised by the participants along with example quotes that illustrate owner-managers' views.

Table 5.1 The managerial values of SME owner-managers

Managerial Values	SMEs that expressed these views	Examples of view
1. Religious belief	M1, M2, M3, M4, M5, M8, T1, T2, T3, T4, H1, S3, S6, HC1, HC2,	*'Social responsibility in our culture is an ethical and religious obligation in the first place* (S6, AM)*; 'In anything I do, I first put God's satisfaction before me'*(M2, FN)*; 'It is a work and a life essential, all stem from Islamic teachings'*(M5, FM)*; 'I am accountable by God in doing my job properly'*(HC2, RB).
2. Responsibility towards stakeholders	M2, M4, M7, T1, T2, T3, T4, S4, S5, S6, HC1, C1	*'Our priority is to offer a competitive price with high quality to fulfil the dreams of citizens in owning a house'* (C1, JA)*; 'Everyone has a duty towards the community'* (M7, SC)*; 'We believe that we have a duty towards our young brothers who have not been given a chance in the labour market'* (T2, ST)*; 'I am currently aiming… to help people around me, whether family or the community'* (M2, FN).
3. Growth of the local economy	M1, M2, M6, M7, M8, T2, H3, S1, S2, S4, C1	*'The execution of these policies will undoubtedly have positive effects on the local economy'* (S4, HF); *'The goal is….as well as participating in the industry and reducing imports'* (M6, HG); *'We aim to add to the national economy'* (H3, AG). *'We suppose to contribute to boosting the economic growth of our city'* (S1, BF).
4. Profitability	M1, M3, M5, M6, M7, M8, H3, S2, S3	*'Here, our priority is primarily increasing profitability'* (M1, MT); *'My company is target driven and their focus on profit maximization'* (M8, AS)*; 'Our primary goal is profitability'* (M5, FM); *'To a great extent, the goal is profitability'* (M6, HG).
5. Business growth	M4, T3, T4, H2, HC2, C1	*'Of course growth and financial benefits'* (M4, YN); *'Our hope was that the market would help us to expand further'* (S3, TK); *'my goal was to expand the business'* (C1, JA); *'Our hope was that the market would help us expand further'* (H2, TK).
6. Financial independence	M2, T2, H1, H2, HC2, C1	*'I wasn't looking for higher income but rather a financial independence'* (S1, BH); *'Self-employment is more flexible and provides better opportunities'* (M2, FN); *'My priority is to have my own business'* (S3, TK); *'My last position at the bank was good, but I had a tendency to be self-employed'* (C1, JA).
7. Financial stability	M5, T1, T3, T4, H2	*'I had the ambition to build my own financial stability'* (T1, EK)*; 'With the aim of achieving financial and psychological stability'* (S3, TK); *'Now our goal is continuity along with profitability'* (M5, FM); *'The current goal is survival until we get through the year 2020'* (T4, BL).
8. Community contribution	M2, T2, S1, C1	*'I aimed at supporting the foundation of small local entities'* (S1, BF)*; 'we prefer to deal with small suppliers over MNCs, our goal is to support them grow and prosper'* (C1, JA)*; (Contributing in… or helping the unemployed citizens create their own business'* (M2, FN).

The above values are shown in the following graph (Figure 5.1) with the number of owner-managers who voiced such views.

Figure 5.1 The managerial values of SME owner-managers
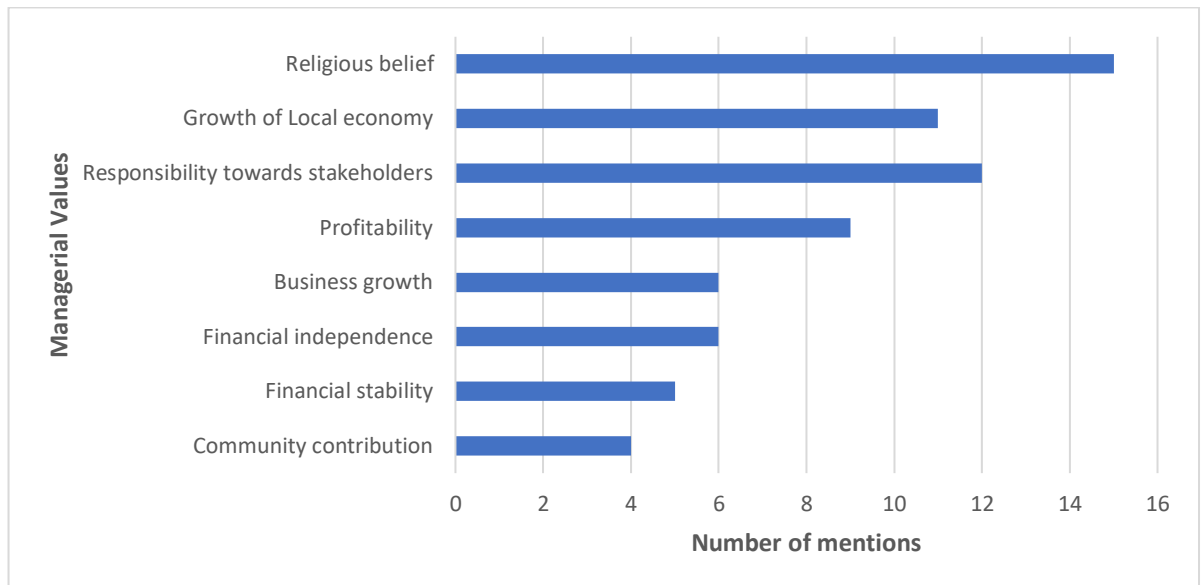
The identified managerial values were grouped into four main categories according to their relevance to the four social perspective frames of SMEs adapted from Spence and Rutherfoord (2000), namely; profit-orientation priority, subsistence priority, enlightened self-interest priority, and social priority (See Figure 5.2). Each social perspective frame was explained in Table 3.15, section 3.4.8.

Figure 5.2 The four frames of SME owner-managers' values
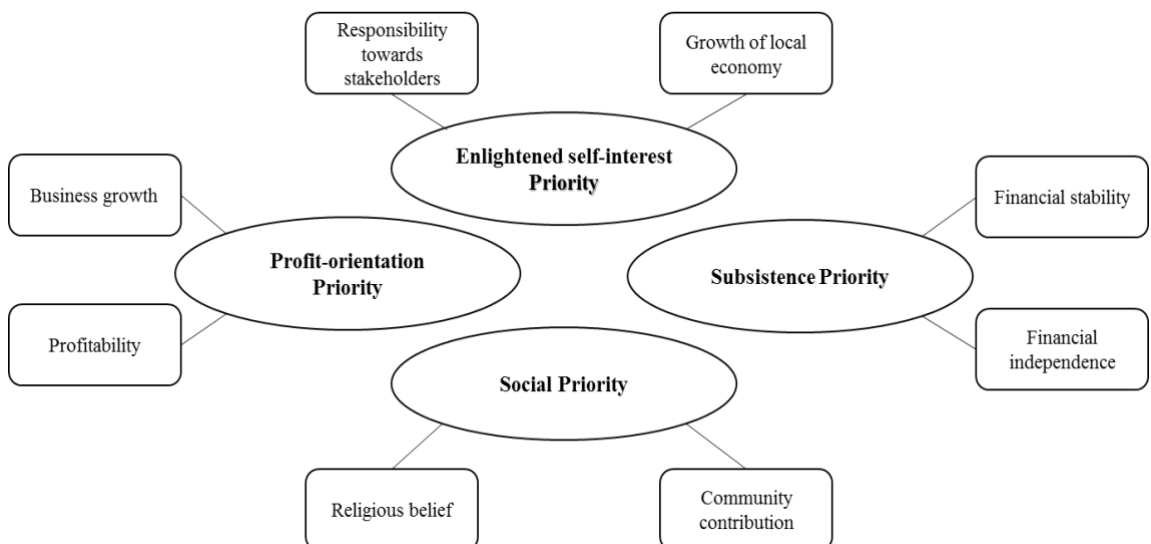
These four business priorities, with the number of views, are displayed in Figure 5.3 here below and then discussed in detail in the following sub-sections.

Figure 5.3 Business priorities of SME owner-managers
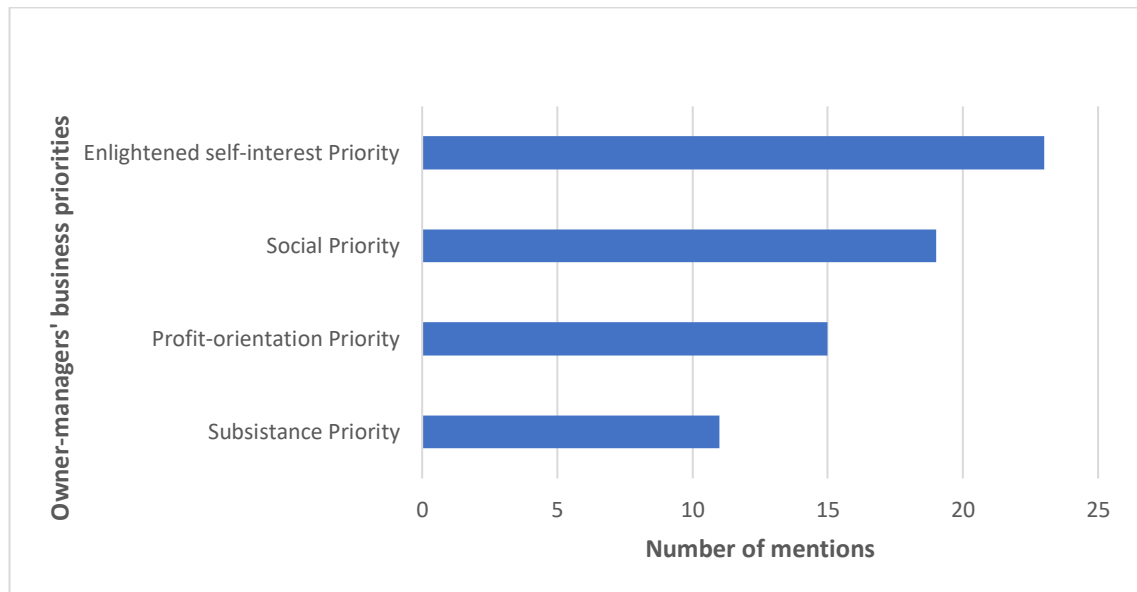
5.2.2 Enlightened self-interest priority

Most of the owner-managers asserted that the responsibility towards stakeholders and the growth of the local economy were two significant values that drive them to run their business. These two values are outlined in the frame of an enlightened self-interest priority (see Figure 5.2). Owner-managers, who adopted an enlightened self-interest frame, were consciously aware that these values are mutually rewarding for both business and society. Whether for increasing short-term profitability, or for sustaining a business in the long-term, being active in social issues was perceived by the owner-managers as having a positive impact on the performance of their business.

The following participant pointed out that his drive came from a desire to support the growth of the local economy, but then justified his stance by recognising that these activities are financially beneficial for the business too. The same participant will be quoted later as evidence for a profit-orientation priority. However, his remarks here do not conflict with his later comments, they simply demonstrate that some values complement each other:

> *'Of course, when a society is developed economically and educationally, this will be reflected positively on you as a firm… it is eventually a mutual benefit between the community and the company. Whenever I provide training and care for workers; that is reflected positively on our performance. When we send an employee to an exhibition, that will help to develop them, so we get an efficient employee who has a great experience that will benefit us eventually'* (M7, SC).

Many other participants shared a similar opinion by claiming that participating in the development of the local economy is part of their values:

> *'People shouldn't leave their city. We are supposed to contribute to boosting the economic growth of our city'* (S1, BF).

Another manufacturing owner-manager commented:

> *'It is a national and social duty, I do care that my country knows that I contribute to its economy through this industry'* (M2, FN).

The drive to support stakeholders was also present in the discussions with twelve owner-managers. Gaining customer loyalty is one of the benefits associated with being honest and fair in dealing with them. The following example demonstrates the motivations for being responsible towards stakeholders:

> *'You have to deal honestly and faithfully with customers… Customers should be considered as an important element for the continuity and prosperity of the company'* (T3, HA).

Another owner-manager from the construction industry believed that his business helped people with low incomes to realise their ambition of building their own house. In this respect, he noted that one of his priorities:

> *'Is to offer a competitive price with high quality to fulfil the dreams of citizens in owning their own house'* (C1, JA).

Some owner-managers felt obliged to the local community because they make financial returns from operating in the country and therefore, they have a responsibility towards key stakeholders. This can be observed in the following quotes:

> *'Of course, every company has a responsibility to the society in which it operates. As with profitability, surely the company has the targets to serve the community around. Here come the duties provided towards the community'* (M7, SC).

The above discussion excerpts suggest that owner-managers, who are socially active through the perspective of enlightened self-interest, were following a similar CSR approach to that adopted by large firms, but with greater emphasis on moral values. In other words, SME owner-managers used ethical arguments and more emotive language when discussing their relationship with key stakeholders than their counterparts in large firms. This observation is supported by previous studies, which point to the cultural differences between small and large companies, suggesting that SME stakeholder management is influenced by the human element, which tends to be more informal, based on trust, and largely governed by personal belief and judgment. In contrast, large firms are more formal, strategic, and target-driven in their relationship with stakeholders

(Jenkins 2004; Jamali et al. 2009; Santos 2011; Vázquez-Carrasco and López-Pérez 2013; Soundararajan et al. 2018)

5.2.3 Social priority

The frame of social priority describes those who ranked social values at the top of their list relating to how they conduct business. Two values were identified in this frame; namely: religious belief, and community contribution through the growth of local businesses.

Religious belief was the dominant value for SME owner-managers if compared with the other seven values identified in this study (see Figure 5.1). Fifteen participants viewed that Islamic values are integrated into their business life, showing that the religious factor is a significant one. Out of those fifteen, four argued that there is a positive relationship between business success and adherence to Islamic values at work:

> *'Islamic values are ethical values, their existence ensures the continuity of the business and ignoring them would destroy the businesses' (M1, MT).*

Another participant concluded that:

> *'If Islamic values are applied in commercial transactions, we will be perfectly fine'* (T4, BL).

Three other participants put God's satisfaction as a top goal to achieve for their business. As put by one of the owner-managers: *'In anything I do, I first put God's satisfaction before me'* (M2, FN); another interviewee articulated that: *'I don't expect anyone to appreciate what I've done. If I do it, it is for the sake of God'* (M3, RD). Some even believe that the rewards of God in the Afterlife are the ultimate objective of their business:

> *'We don't hope for many financial benefits, but the most important are the rewards of God on the judgement day'* (T1, EK).

Moreover, some owner-managers used verses of the Qur'an and sayings of the Prophet Mohammed to reflect their religious values in the business. One participant, who has also been quoted in the subsistence priority section, clarifies his drive to start a business by citing one of prophet Mohammad's Sayings:

> *'I have always believed in the prophet Mohammed's Saying: "A strong believer is better and is more lovable to Allah than a weak believer". That was my biggest motive'* (H1, BH).

The second value identified in the social priority perspective promoted community contribution through the growth of local businesses. This value was viewed as a social

priority because it reflected the altruistic attitude of owner-managers, who sought to help other SMEs grow, even if they are not complementary or related businesses:

> *'My partner and I provide financial and legal advice to many of our friends who are establishing their own businesses'* (T2, ST).

5.2.4 Profit-orientation priority

Two managerial values were outlined in the frame of profit-orientation. These are the owner-managers' drive for profitability, and their desire for growth and expansion to increase financial returns (see Figure 5.2). These values, together, were among the top priorities in discussions with fifteen owner-managers, who stressed that profitability and growth are the key motivating factors for conducting business:

> *'The most important thing is that you create a profitable business, but if it is not profitable, it is better to close down and look for a job again'* (H1, BH).

Another owner-manager generalised that money-making is the goal for all businesses, supporting Milton Friedman's classic (1962) argument in favour of profit maximisation:

> *'For sure profitability, no one does business except for the purpose of profitability'* (M3, RD)

Some other participants, however, did not disregard other social motivations; yet, they ranked profitability at the top of their priority list:

> *'The first goal, of course, like any investor's goal, is to increase the owner's profit, then comes the economic objective in terms of developing the local economy and participating in the development of the infrastructure of the state'* (M7, SC).

Six owner-managers recognised that growth is their key motivation in pursuing profitability. They linked growth directly to financial gains when they were asked about the values that motivate them to run their business:

> *'Of course growth! We can do the things our way.... you know... you always say, "I could do better if I were in charge"…… now you have to talk the talk and walk the walk… of course, growth and financial benefits are the major motivating factors of any decision to start a business'* (M4, YN).

Another participant from the health care sector asserted that the owner seeks to expand his small clinic into a large hospital:

> *'His goal is to create a hospital with more medical specialities'* (HC2, RD).

Two owner-managers spoke directly about the expansion orientation of their firms:

> *'Of course, our hope was that the market would help us expand further, but the last few years were so challenging, even to survive'* (H2, TK).

> *'My goal was to expand the business as soon as I retire from the banking job, but the events were accelerated, and the expansion took place earlier than I planned'* (C1, JA).

However, it is not always the case that growth implies a drive for short-term earnings, especially in sectors of price-conscious customers. Rather, owner-managers aim for sales maximisation to ensure long-term profitability. In this respect, a medium-sized food wholesaler felt that adopting a price-cutting strategy is a useful tool to achieve long term growth:

> *'This is our strategy; we seek less profitability in exchange for gaining more customers to outdo our competitors in the market… A very important plus point… less profitability is sensitive for us… we are looking for long-term growth through low profitability. In our sector, earning customers comes through special prices'* (T3, HA).

5.2.5 Subsistence priority

The entrepreneurial characteristic of SMEs was evident in the discussions with several owner-managers. They sometimes described their perspective on business as being a source of financial independence and/or financial stability. Most of their concerns focused on earning enough to survive in the long-term to ensure an acceptable living standard. A catering business owner-manager, for instance, mentioned his drive for gaining sufficient wealth to live without relying on employment income:

> *'The sense of being a businessperson was there from the day when I was a student…. I adopted the idea that the man must have financial independence and be strong on that side, so it was a great obsession for me… I was not looking for a higher income, but rather for financial independence, I should have what is enough for me to survive'* (H1, BH).

The participant, hence, confirmed that generating short-term high levels of profit was not in itself a motivating factor. What mattered was achieving a certain lifestyle from an independent source of income.

Financial stability was a top priority for five owner-managers. In some cases, it was a source of self-contentment:

> *'I was an employee in the private sector, but I had the ambition to create my own financial stability. So, financial stability was the primary motivation to start this business. The aim was to sustain the company and live as long as possible'* (T1, EK)

However, some others were compelled to switch to more of a 'survival mode' due to the current economic conditions:

> *'The primary goal of business is profitability, but the goal is changing over time… now… due to the current economic downturn, our objective is continuity'* (M5, FM)

> *'The current economic recession has forced the company to reduce employment from marginal jobs, reduce some costs, and outsource some tasks in order to survive in the market'* (S1, NO)

Those who repeatedly spoke about the business surviving as a key priority tended to express their social responsibility in terms of long-term relationship building with stakeholders such as employee retention and customer satisfaction but were unlikely to go further than that.

5.2.6 Discussions and conclusions

The objective of this section was to explore the managerial values that drive small businesses, and their influence on CSR decisions. The results of this section have added extra insights into the epistemological and ontological perspectives of owner-managers, which helped the researcher make better sense of understanding other responses.

Eight common values were identified (see Figure 5.1) from the collected data. Data analysis revealed that *'Religious belief'* was a prevalent value, supporting other studies (Hemingway and Maclagan 2004; Visser 2008; Khan et al. 2013; Jamali and Karam 2018), which argue that religious belief is one of the most significant values that influence managerial attitudes and decisions, naming the Islamic religion as an example (Brammer et al. 2007). Jamali et al. (2009) also suggest that religious metaphor was frequently cited in the discussion with Lebanese SME managers, implying that Islamic religious values are a particularly significant driver for practising CSR.

The second and third most important values were *'responsibility towards stakeholders'* and *'growth of the local economy'*, then *'profitability'* and *'business growth'* come in fourth and fifth place. Whilst the second and third values might not be regarded as entirely altruistic, they suggest that the view of Friedman (1970, p.1), who argues for the primacy of the notion that *'the social responsibility of business is to increase its profit'* does not hold true for the majority of SMEs in this study. This is consistent with the empirical work of Ali and Al-Ali (2012), who observe that employees in KSA believe that companies should have a role in society in terms of charitable donations, environmental protection, and following regulations and ethical guidelines. It also confirms that the drive for SMEs to be in business is far more complex, and is not purely motivated by financial reasons, indicating that social goals are as important, or maybe more at times (Hemingway and Maclagan 2004; Jenkins 2006).

The social perspective frames proposed by Spence and Rutherfoord (2000) were adopted in the analysis of managerial values (see Figure 5.2). The analysis indicates that the most presented frames were the enlightened self-interest priority and the social priority, while the least presented frames were the subsistence priority and the profit-orientation. This

would place SME owner-managers in the socially active axis of the Spence and Rutherfoord (2000) profit-social activity matrix (see Table 5.2 below). However, these findings partially contrast with those of Spence and Rutherfoord (2000), who found that most SMEs fall into the subsistence or social priority frames. This discrepancy could be attributed to sampling biases. Those who refused participation could be busy pursuing profit and that might frame them in the profit-orientation priority perspective. Further, there might be a risk that the subsistence priority is under-reported as owner-managers may be reluctant to report themselves as struggling or vulnerable. Another possible explanation is that the SME sector is a complex and diverse sector operating in various industries, with different managerial styles (Curran et al. 2000; Burns 2001; Jenkins 2006). Finally, contextual differences between the West and KSA should not be ignored (Nalband and Al-Amri 2013).

Table 5.2 Profit-social matrix for Saudi SMEs

Practice	Perspective		Total score
	Profit oriented	**Profit satisfied**	
Socially inactive	Profit-orientation priority (15)	Subsistence priority (11)	26
Socially active	Enlightened self-interest priority (23)	Social priority (19)	42

The findings noted that those who showed a tendency to enact social values are not necessarily committed to one priority over another. The evidence from previous sections indicates that social priorities are seen as parallel to profit priorities at times; however, a mix of both was the most common case as revealed in the enlightened self-interest priority. This implies that SMEs are more dynamic and fluid in the way they cope with multiple, and not necessarily all compatible, values and/ or objectives. Several studies reinforce the same by indicating that SMEs are more flexible, less bureaucratic, and can swiftly adjust their business priorities according to changing circumstances (Goffee and Scase 1995; Jenkins 2006; Morsing and Perrini 2009; Wickert et al. 2016).

A number of policy and practical implications can be concluded from these findings. Policymakers may need to appreciate that SMEs are likely to exhibit a range of economic and social priorities, which are largely influenced by the personal values of owner-managers. Hence, different policy approaches might be required to stimulate SMEs' CSR engagement (Schaefer et al. 2018). Based on the findings of this study, which suggest that the enlightened self-interest priority is the dominant frame, SMEs can be stimulated by

motivating consumers and investors to purchase from CSR active companies (Spence and Rutherfoord 2000). Further, since the religious belief was the most significant value for owner-managers in this study, the religious discourse that links CSR engagement with God's satisfaction and securing a place in heaven is likely to be more appealing than messages stressing financial benefits (Hemingway and Maclagan 2004). Finally, these results echo Schaefer's et al. (2018) proposal that owner-managers may find it useful to understand their own economic and social priorities, which would eventually enlighten them to think constructively about their business relationship with society.

5.3 Conceptions of CSR

5.3.1 Introduction

This section investigates participants' conception of their firm's role in society, terms in use to describe this role, and their awareness of the term 'Corporate Social Responsibility' or 'CSR'. It also evaluates how different CSR responsibilities are manifested in the context of Saudi SMEs. The researcher sought to first ask owner-managers about their role in society as an indirect question, *i.e. What do you think about the role (contribution) of your business (the economic, social and environmental role) in improving society's wellbeing?,* to see whether participants would be able to associate this role with the term CSR before explicitly introducing it in order to assess their awareness of this term, and to identify specific terms in use, if any. This question was followed by prompts that asked participants if they use a specific term that refers to their contribution to society and then about their view of the term 'CSR'. The final question asked interviewees to identify their priorities in relation to their firm's social contribution.

5.3.2 CSR dimensions

The analysis of SMEs' understanding of their role in improving societal-wellbeing followed Dahlsrud's (2008) CSR dimensions model. These dimensions are the environmental dimension (Env.D), social dimension (So.D), economic dimension (Econ.D), stakeholder dimension (St.D), and voluntariness dimension (Vol.D). A brief description of each dimension is provided in Table 3.1, section 3.2.2.

Table 5.3 lists the recognised CSR dimensions for each Saudi SME along with key phrases for illustration.

Table 5.3 CSR dimensions of Saudi SMEs

SME	Env.D	So.D	Econ.D	St.D	Vol.D	Key phrases
M1		✔	✔		✔	'Our role is a positive role, anything that serves society as long as it does not conflict with profitability and the ethics of work'
M2		✔	✔	✔		'My conception of CSR is that it is intended to improve the social and economic conditions of the society'; 'I am focusing on needy people who are around me from friends and relatives'.
M3		✔	✔	✔		'We offer a product that people benefit from'; 'Help people not to be without work and thus reduce social problems'.
M4	✔	✔	✔	✔		'It is one of the first companies to support localisation of jobs that includes training of local staff'; 'We have invested a lot in environmental projects'.
M5	✔	✔	✔	✔	✔	'All our products are environmentally friendly'; 'There are a good number of jobs created that benefit staff and their families'; 'Increasing the country's exports and reducing imports'; 'Commitment to ethics'
M6	✔	✔	✔			'When you reduce importation… you contribute economically'; 'Raising awareness about healthy and non-healthy plastics'; 'We participate in the form of donations'
M7	✔	✔	✔	✔		'Providing the finest stainless-steel at the lowest cost… and dispense with import'; 'The employment of people and the locals especially'; 'We have no negative effect on the environment'; 'Increased the financial allocation of staff'
M8		✔	✔			'It is the positive contribution of the business towards its community'; 'In general, we contribute towards the growth of the country's economy'
T1	✔	✔	✔	✔		'We sponsor sports activities'; 'Reduce energy consumption'; 'Charitable work'
T2	✔	✔	✔	✔		'We can change customers' lifestyle'; 'Employing ladies'; 'We try to reduce waste'; 'We are now to sustain our company'; 'We import only from reliable sources'.
T3		✔	✔	✔	✔	'Sponsoring local sport football leagues'; 'Increasing the firm's capital drives the economic wheel of the country'; 'Employees became the most important pillar'; 'Ethical priority is as important'.
T4				✔		'Employees must be comfortable at work'.
H1	✔	✔				'Detergents that we make are environmentally friendly'; 'CSR is the contribution of companies in philanthropic activities'.
H2			✔	✔		'My role as a businessman is to make a profitable business and provide services'.
H3		✔	✔	✔		'We train a large number of seasonal employees'; 'We contribute with the state to have an educated generation that develops the country'.
S1		✔		✔		We allocate 10% of any amount we gain for social initiatives'; 'Increase the confidence in Saudi start-ups'.

	Environmental	Social	Economic	Stakeholder	Voluntariness	
S2		✔	✔	✔		*'We contribute to the development of the institutional working environment in KSA', 'The company has social services for its employees'.*
S3		✔	✔	✔		*'We build mosques, residential buildings, schools and more'; 'conserve the environment'; 'Government agencies ask us to participate'.*
S4	✔	✔	✔	✔		*'Corporate social responsibility is the involvement of an organization in three major sectors: environmental protection, humanitarian & animal aid, and social & economic developments'*
S5		✔		✔		*Every organisation in a community has a responsibility towards its people. They should do more than just providing a product or service for profit. Organisations small or big should be able to do something beneficial for the society which is not for profit.*
S6		✔	✔	✔	✔	*'CSR is a commitment to the betterment of society. This philosophy is based on earning ethical profits through value-based Corporate Governance, and commitment to make an impact towards creating employment opportunities for the current generation leading to a sustainable society'*
HC1	✔	✔	✔	✔	✔	*'Our goal is not only targeting patients, but our goal is also raising awareness of society'; 'Economically… we employee citizens'; 'Committed to the state regulations with regard to medical waste disposal'; 'Morally, no doubt by just giving the right advice to the patient and not exploiting them, that is an ethical responsibility on our shoulders'*
HC2		✔		✔		*'We provide awareness classes for mothers'*
C1		✔	✔	✔		*'Helping people realise their dream by owning the right home with their limited income'*
Total	*9*	*22*	*19*	*20*	*5*	

Figure 5.4 CSR dimensions for SMEs
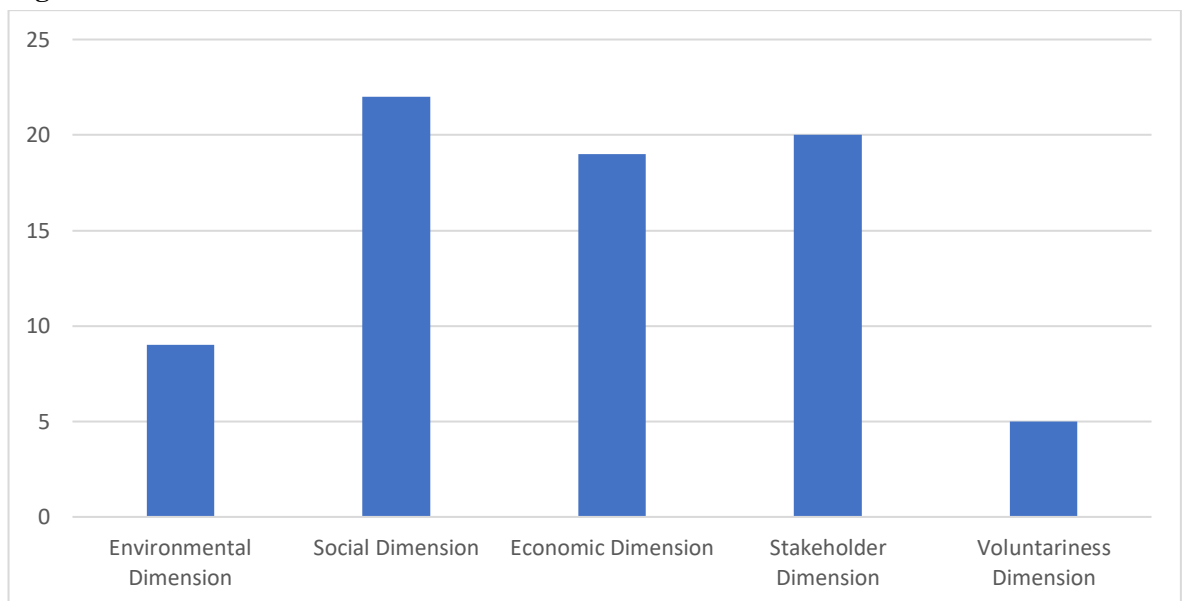
The chart above shows that social and stakeholder dimensions received the highest scores with 22 and 20 participants respectively. One explanation could be that there is a tendency for some to think of stakeholders as externally focussed, i.e. out in society, which could lead to them being thought of a bit interchangeably. For example, sponsoring some community activities may be viewed as both social and stakeholder dimensions. Further, the use of the word 'society' in the question that asked participants to describe business-society relationship may have led them to directly think of social and stakeholder dimensions, overlooking environmental and voluntariness dimensions. However, the economic dimension was a significant one for 19 participants, who described their relationship with society in terms of their participation in economic development or being profitable. Although the environmental dimension was explicitly mentioned in the question along with the social and economic dimensions, it received relatively less attention from the participants. This might indicate that they were less familiar with the term 'CSR', or it could reflect an association of CSR and society to people but not necessarily to the planet. Similarly, the voluntariness dimension received the least attention from SME owner-managers. This may suggest that obeying the law and ethical values are so fundamental they are taken for granted, whereas social responsibility is interpreted as actions in the form of philanthropic initiatives and activities. This was evident in one of the participant's responses who stated when defining CSR:

> *'For me, social responsibility is the initiatives and contributions of companies in philanthropic activities. It differs from the ethical responsibility of the firm. Morality and ethical values are in place in all our actions, we try to work honestly, transparently, and faithfully with everyone and not to cheat anyone. There is a clear line that separates social responsibility from the ethics of work. In my definition, social responsibility must be translated into programmes and initiatives and have a tangible end product. On the contrary, ethics must be built-in all business dealings'* (H1, BH).

The result here is consistent with Wright and Bennett (2011), who affirm that although business ethics and CSR are commonly used interchangeably, 'business ethics' implies a range of moral principles governing the relationship with stakeholders, whereas 'CSR' revolves around a set of actions to address stakeholders' expectations.

5.3.3 SMEs' awareness and understanding of the term CSR

The above response by (H1) was obtained when the participant was asked if he was familiar with the term CSR and whether he knows what it entails. The same was asked to the rest of the participants; but before this, they were asked if they use a specific term that refers to their firm's contribution to society. Five participants stated that they refer to it as 'social responsibility'; one used the term 'community service', another said

'community support'; one stated that they used 'business impact cycle' to refer to their impact on society, and the rest of the sixteen owner-managers confirmed that they do not have a specific term in use (see Table 5.4).

Table 5.4 CSR awareness of Saudi SMEs and alternative terms in use

SME	Participant	Education	Large company experience	SME's Age	Term in use	CSR awareness
M1	MT	Engineering	No	30	No specific term	Unaware
M2	FN	IT	Yes	6	Social responsibility	Aware
M3	RD	Business Admin.	No	20	No specific term	Unaware
M4	YN	Engineering	No	25	No specific term	Unaware
M5	FM	Engineering	No	20	No specific term	Unaware
M6	HG	Business Admin	No	30	No specific term	Unaware
M7	SC	Finance	No	15	No specific term	Unaware
M8	AS	MBA	No	23	No specific term	Aware
T1	EK	MBA	Yes	18	Community service	Aware
T2	ST	MBA	Yes	3	Impact cycle	Aware
T3	HA	Finance	No	40	Community Support	Aware
T4	BL	Business Admin	No	47	No specific term	Unaware
H1	BH	MBA	Yes	10	No specific term	Aware
H2	TK	Business Admin	No	17	No specific term	Unaware
H3	AG	Finance	No	17	No specific term	Unaware
S1	BF	MBA	Yes	5	Youth support	Aware
S2	NO	IT	No	12	No specific term	Unaware
S3	AT	Engineering	No	30	No specific term	Unaware
S4	HF	Engineering	No	15	No specific term	Aware
S5	MK	Finance	No	24	No specific term	Aware
S6	AM	MBA	No	5	Social responsibility	Aware
HC1	WH	Marketing	Yes	5	Social responsibility	Aware
HC2	RB	Business Admin	No	7	No specific term	Unaware
C1	JA	Business Management	Yes	10	Social responsibility	Aware

While almost all owner-managers recognised their broad responsibilities in improving societal-wellbeing, twelve exhibited moderate awareness with the term 'corporate social responsibility'. The other twelve were unaware of the term. As put by one of the owner-managers *'I did not hear about it before'* (H2, TK); another said *'Frankly, I didn't think about it, this question surprised me honestly and it never crossed my mind'* (T4, BL). These balanced results may indicate that CSR as a term is still an emerging concept among Saudi SMEs. It may not be fully developed but is growing rapidly. As pointed out by a manufacturing owner-manager:

> *'You know, if you asked me this question just 3 years ago, I wouldn't be able to answer you and I would say I have no idea what you are talking about, I would ask you to rephrase the question. But today is different. I think the CSR concept has emerged recently among Saudi firms'* (M8, AS).

As shown in Table 5.4, the majority of those who have more awareness of the CSR term previously worked in large or multinational companies, hence, they had some exposure to the term through their experience. This accords with the work of Khan et al. (2013), which suggests that those who have a greater exposure to large and multinational companies show more awareness of the CSR concept. Education level per se was not a significant factor in CSR knowledge as all participants had tertiary education qualifications. However, unlike other qualifications, all those who studied for an MBA, six participants, were aware of the term, suggesting that topics about CSR or sustainability were included in the MBA programme. This finding broadly supports the work of other studies in this area, which found that MBA students and those who studied in higher academic levels in KSA have more adequate knowledge about CSR (Khurshid et al. 2013; Murphy et al. 2019). Further, four participants who received their higher education abroad, i.e. in developed countries, demonstrated a higher level of CSR awareness than those who received their education locally. This may suggest that local education is not addressing subjects on CSR or sustainability in their programmes.

Although half of the interviewees expressed familiarity with the term CSR, their description of the concept varied widely. Table 5.5 lists the different themes identified from the participants' responses on their perceptions of the term CSR.

Table 5.5 Saudi SMEs' understanding of CSR

Understanding of CSR		SMEs that expressed these views	Examples of view
1. Participating in economic and social development		M2, M3, M8, T1, T2, T3, S1, S2, S3, S4, S5, S6, HC1, HC2, C1	*'We reduce the burden on the state and accommodate those patients who have no access to gov. services'* (HC1, WH); *'We are contributing to the development of the institutional working environment in Saudi Arabia in all sectors'* (S2, NO)*; 'Increase confidence in Saudi start-ups'* (S1, BF)*; 'Offer a competitive price and high quality to fulfil the dreams of citizens in owning homes' (C1, JA)*
2. Philanthropic activities	**Charitable donations**	M2, M5, M6, M7, M8, T1, T2, T3, H1, H3, S1, S2, S3, S5, HC2	*'I rely on charitable donations through associations'* (M2, FN)*; 'We participate in the form of donations to charity organisations'* (M6, HG)*; 'It is that enterprise's contribution to community service through… and some charitable work'* (T1, EK)*; 'We seek to contribute to charitable associations'* (S3, AT)
	Giving back to the community		*'Everyone has a responsibility towards the community'* (M7, SC)*; 'Everyone has a duty to contribute to society'* (T1, EK)*;' I have a perception that CSR is based on the idea of payback to the community'* (T2, ST)*; 'It is our duty to support our community because without them, this firm would not have expanded'* (T3, HA)
	Helping community organisations		*'We receive requests from educational institutions, they send us interns, we take them and train them'* (H3, AG); *'We have sponsored some conferences and seminars'* (S2, NO); *'Visit schools and explain to them safety regulations and evacuation methods'* (S3, AT)
3. Improving employee wellbeing		M3, M4, M5, M8, T1, T3, T4, S2, HC2, C1	*'I don't give any manager the power to oppress any worker'* (M3, RD)*; 'We are trying to teach them the required skills, which will benefit them in their future career'* (M4, YN)*; 'My door is open for them to raise their concerns and ideas'* (T4, BL)*; 'All the centre's doctors go on trips and attend symposiums at the expense of the centre'* (HC2, RB*)*
4. Being ethical		M5, T2, T3, HC1, S6	*'Ethical priority is as important'* (T3, HA); 'Social responsibility in our culture is an ethical and religious obligation' (S6, AM)*; 'Also the commitment to ethics'* (M5, FM)
5. Being profitable		M1, H2	*'Our priority is primarily increasing profit' (*M1, MT); 'My role as a businessman is to make profitable business'* (H2, TK).

Figure 5.5 SMEs' understanding of CSR
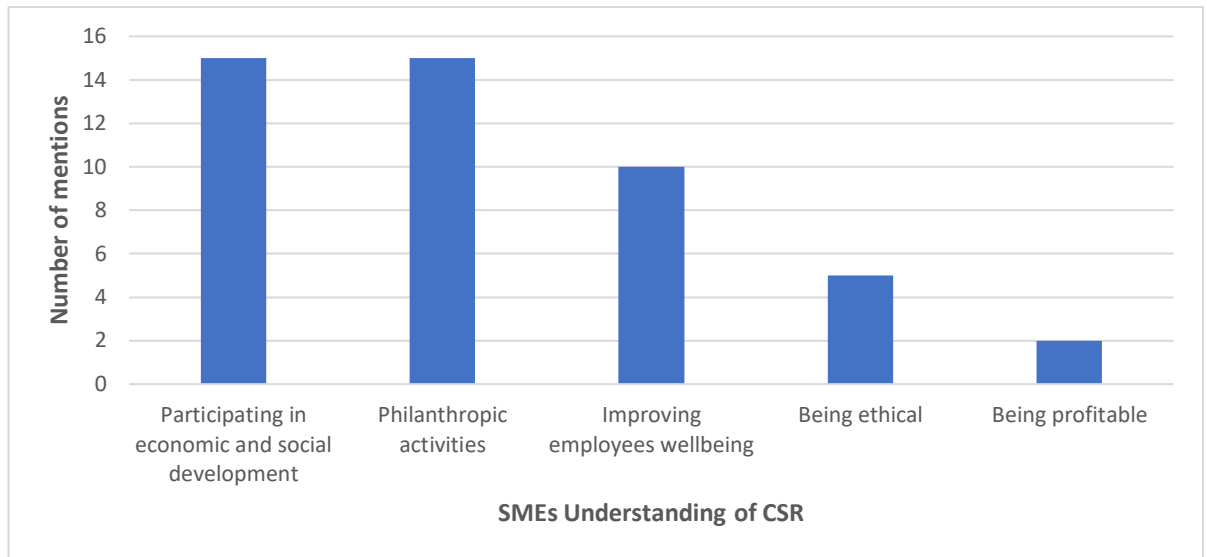
As indicated in Figure 5.5, a common theme shared by interviewees was that CSR is seen as *'Participating in economic and social development'*. This indicates that economic responsibilities are a priority for SMEs in terms of their social contribution. Further, there was a high level of convergence among interviewees in terms of viewing *'philanthropic activities'* as a common form of CSR. *'Charitable donations'*, *'helping community organisations'* and *'giving back to the community'* were common understandings of CSR, reflecting a stronger philanthropic conception of the term. However, philanthropic activities were seen by many participants as practices unrelated to the mainstream business and not integrated into daily business life. Thus, there was a demarcation line between social goals and economic goals:

> *'We separate business decisions, in general, from social responsibility decisions. As far as I understand, there is a difference. When you talk about business and daily routines and profit margin and cost, it is not possible to integrate them with social responsibility'* (M6, HG).

Another owner-manager commented:

> *'As for charitable work, it is, of course, a personal matter. It has nothing to do with the business'* (M4, YN)

'Improving employee wellbeing' was another popular understanding of CSR. This may suggest that owner-managers are appreciating the significant impact of internal CSR practices on both business and society. The last two themes identified from the responses of the participants were 'Being ethical' and 'being profitable' with five and two views respectively. The low score of both themes supports the view that CSR is considered an activity independent of the core business as illustrated above by (H1, BH) (section 5.3.2).

5.3.4 A CSR pyramid for Saudi SMEs

The CSR pyramid of Carroll (1991) was found by several studies, e.g. Visser (2008); Jamali et al. 2009; Khurshid et al. (2014), as a useful theoretical lens for describing CSR in different contexts. Accordingly, the researcher sought to employ this model to evaluate how CSR is manifested within the Saudi SME context.

The participants were not asked to rate their social responsibilities by providing them with Carroll's four elements of responsibilities, i.e. economic, legal, ethical, and philanthropic responsibilities, but rather they were requested to broadly identify their business responsibilities towards society. This was mainly to avoid influencing interviewees' responses and to let them express their views spontaneously. Further, this question was complementary to other questions to allow participants to elaborate more on their firm's role in society. Therefore, the CSR pyramid for Saudi SMEs was built based on the overall responses to all questions in this section. The following chart (Figure 5.6) displays the number of mentions for each component of CSR according to Carroll's (1991) model.

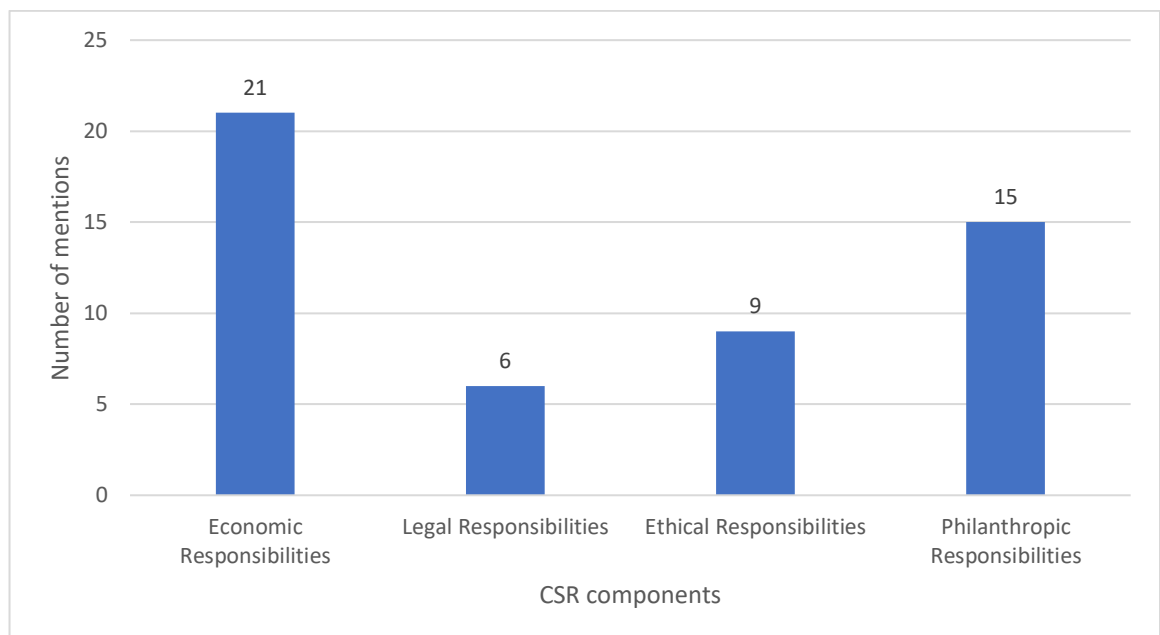**Figure 5.6 Carroll's (1991) four-part CSR responsibilities for Saudi SMEs**

Table 5.6 shows the different views of Saudi SMEs in relation to the four-part responsibilities of Carroll (1991).

Table 5.6 CSR responsibilities for Saudi SMEs

	Economic Responsibilities	Legal Responsibilities	Ethical Responsibilities	Philanthropic Responsibilities
M1	*'Here, our priority is primarily increasing profitability'*			
M2	*'We participate in the development of Saudi export'*			*'Cash assistance to needy people'*
M3	*'economically, we are employing people'*			
M4	*'It is one of the first companies to support the localisation of jobs'*	*'You will not be able to function if you don't comply with legal requirements'*	*'Moral responsibilities come in the first place for me'*	
M5	*'Increasing the country's exports and reducing imports'*		*'Ethical responsibility comes first'*	*'Organising parties for the villagers and building mosques'*
M6	*'Reduce the importation'*			*'We participate in the form of donations to charity organisations, this is the most activity we participate in'*
M7	*'Improving the employees' welfare and therefore the welfare of their families'*			
M8	*'In general, we contribute towards the growth of the country's economy'*	*'We do what is required by law to avoid sanctions'*		*'We are encouraged by religion to give out charity to leverage poverty'*
T1	*'We contribute to the country's economy through our sales and product promotions'*	*'we pay government fees regularly'*		*'charitable work'*
T2	*'We believe that our responsibility is largely economic*		*We believe in the commitment between us and our customers... we consider this to be a part of ethical work and transparency as well.*	*'Empowering members of society to establish new businesses'*
T3	*'From an economic perspective, increasing the firm's capital drives the economic wheel in the country'*		*'Ethical priority is as important'*	*'The firm has a big role in several social activities such as sponsoring local sport football leagues'*
T4	*Employees must be comfortable and not hesitating, maybe they have got ideas that can benefit the business.*			
H1			*'Morality and ethical values are in place in all our actions, we try to work honestly, transparently, and faithfully with*	*'Social responsibility is the initiatives and contributions of companies in philanthropic activities'*

			'everyone and not to cheat anyone'	
H2	*'Our general focus is growing the economy'*			
H3	*'Economic responsibility is a priority'*			*'We train a large number of seasonal employees'*
S1	*'I see CSR as a more economic responsibility'*		*'At work, we adopt the Charter of ethical work'*	*'We have planned to allocate 10% of any amount we gain for social initiatives'*
S2	*'The economic aspect is at first'*			*'We have sponsored some conferences and seminars'*
S3	*'Economic responsibility is the priority for us'*	*'These things have become a law that we need to follow'*	*'We provide periodic training for our employees'*	*'We seek to contribute to charitable associations'*
S4	*'These educational & social contributions will play major roles in many aspects such as... and improving the national economy'*			
S5				*'Organisations small or big should be able to do something beneficial for the society which is not for profit'*
S6	*'Commitment to make an impact towards creating employment opportunities'*		*'Social responsibility in our culture is an ethical and religious obligation'*	
HC1	*'If you educate patients and increase their awareness, you will save a huge amount of the state expenses'*	*'Committed to the state regulations with regard to medical waste disposal'*	*'No doubt, by giving the right advice to the patient and don't exploit them, that is an ethical responsibility on our shoulders'*	*'Our goal is not only targeting patients; our goal is also raising awareness of society'*
HC2		*'We are committed to disposing of the medical waste in the correct manner'*		*'We participate in the activities in universities by giving free eye tests to students'*
C1	*'For the field of construction, our economic responsibility comes first'*			
	21	*6*	*9*	*15*

The results from Figure 5.6 and Table 5.6 above suggest that economic responsibilities kept the highest priority. However, philanthropic responsibilities were given the second most emphasis, followed by ethical responsibilities in third place, and the lowest priority was given to legal responsibilities. Figure 5.7 shows the CSR pyramid for SMEs in KSA.

Figure 5.7 CSR pyramid for Saudi SMEs (adapted from Carroll 1991)

Obey laws and regulations — **Legal Responsibilities** — Ensure good relations with government officials

Do what is just, fair. Avoid harm — **Ethical Responsibilities** — Adopt voluntary codes of governance of ethics

Be good corporate citizen — **Philanthropic Responsibilities** — Set aside funds for Social/ community projects

Be profitable — **Economic Responsibilities** — Provide investment, create jobs, and pay taxes

5.3.5 Discussions and conclusions

This section investigated owner-managers' perspectives on their firm's role in society, their familiarity and awareness of the notion of CSR, terms in use that describe this role, and their social priorities.

Using Dahlsrud's (2008) CSR dimensions model for data analysis, the results indicated that social, stakeholder, and economic dimensions were the most common themes identified by the participants, while environmental and voluntariness dimensions were the least presented. Although this partially disagrees with the work of Nalband and Al-Amri (2013) on CSR perceptions of Saudi managers, which suggest that both environmental and ethical aspects scored highly, it mostly agrees with the work of Dahlsrud (2008). However, the lower score for the environmental dimension in both this study and that of Dahlsrud (2008) might be due to different reasons. While Dahlsrud (2008) explains that this could be due to the absence of the environmental dimension in early definitions of CSR in both academic and practical research, which probably influenced the current definitions, the lesser emphasis on the environmental dimension in this study could be explained by the lower awareness among the owner-managers as to the broad meaning of the term 'CSR'. This assumption was confirmed when the majority of owner-managers asserted that they do not use a specific term that describes their contribution to society. However, the results reported that half of the participants were moderately aware of the CSR term, suggesting that CSR is still an emerging concept in the context of Saudi SMEs. The same conclusion was observed in previous studies

concerning CSR in Saudi Arabia (Ali and Al-Aali 2012; Mandurah et al. 2012; Khurshid et al. 2016; Nurunnabi et al. 2019).

The finding on how the owner-managers understood CSR is in accordance with other studies in terms of the diverse interpretations of the concept (Murillo and Lozano 2006; Sweeney 2007). It is also in line with Zenisek (1979, p. 359), who states *''the term means something, but not always the same thing, to just about everybody''*. '*Participating in economic and social development'*, *'philanthropy'*, and *'improving employee wellbeing'* were the major themes that represented the participant's understanding of CSR. The first and the third themes are supported by Santos (2011), who affirms that Portuguese SMEs favour engaging with CSR practices that involve economic and internal social dimensions. The second theme of '*philanthropy'* was also reported by previous studies as a common form of CSR among SMEs in both developed and developing countries (Jenkins 2006; Jamali et al. 2009; Lee et al. 2016; Spence 2016).

While the findings are consistent with Carroll's (1991) model in terms of keeping the economic responsibilities as a foundation for CSR, they disagree with the conclusion of Nurunnabi et al. (2019), who proposed an Islamic CSR model by inverting Carroll's model, arguing that philanthropic responsibilities are the prevailing priority from an Islamic perspective. It could be argued that this claim is overgeneralised for two reasons. First, Nurunnabi et al's. (2019) qualitative work does not cover all sectors of Saudi society, let alone other Islamic societies. Second, Nurunnabi et al. (2019) propose their model based on the perspective of young Saudi consumers only and therefore it is plausible they reverse the order of responsibilities, unlike businesses, which would place economic responsibilities as the foundational building block of CSR, whether as a means to an end or as an end itself. However, the results in this study suggest that philanthropic responsibilities were given secondary emphasis. This broadly supports Visser's (2008) CSR pyramid for developing countries in terms of the first two priorities, but with an inverted order for ethical and legal responsibilities. Further, these findings are contrary to those of Nalband and Al-Amri (2013), who score legal responsibilities highly, where this study rates them lowest. A possible explanation for this might be due to different methodological approaches, i.e. quantitative vs qualitative. Another reason could be due to contextual differences in terms of firm size as Nalband and Al-Amri (2013) focused on large Saudi companies, whereas this study targeted Saudi SMEs. It is also possible that SMEs just accept abiding by the law as a 'given' and is therefore not something that they are conscious about having any choice over or making any specific effort towards.

One notable set of observations concern the implications of language differences between the Anglo-Saxon context, where the term Corporate Social Responsibility (CSR) was introduced, and the Saudi context. While the word 'corporate' for instance could be problematic in English as it is generally, in terms of common usage, assumed to refer to large-scale businesses and may ignore SMEs (Jenkins 2004; Vázquez-Carrasco and López-Pérez 2013), its translation in Arabic stretches across several concepts including company, firm, foundation, business, establishment, or sometimes institute. These terms do not necessarily indicate the size of the business. Hence, Saudi SMEs were not sensitive to the word 'corporate' and they were not uncomfortable with the use of CSR to describe their firm's relationship with society. This may seem to contrast with other western studies (Jenkins 2006; Murillo and Lozano 2006; Spence 2007), which were sceptical of the term's compatibility in the context of SMEs due to the use of words, e.g. corporate, that mainly refer to large companies. This implies that CSR is generally an emerging concept in KSA because it is still not yet associated with large businesses. Similarly, words such as 'society' and 'community' refer to the same word in Arabic 'Mujtama'. Therefore, Saudi SMEs were not uncomfortable with the use of the notion CSR for SMEs. However, Saudi SMEs' use of more informal vocabulary to describe CSR activities such as 'Community service' and 'Youth support' (see Table 5.4) mirrors the observations of Jenkins (2006), who suggests that the term is not commonly used in UK SMEs, rather they break it down into different components such as 'work-life balance' and 'environmental management'.

To conclude, CSR seemed to be implicitly practised in the case of Saudi SMEs with a greater degree of informality, and without reference to a particular term. This is illustrated in the response of an owner-manager when he was asked if they use a specific term to refer to their social contribution:

> *'As a particular term, no. There is no clear reference to this contribution, but they are familiar things' (M7, SC).*

Another interviewee commented:

> *'Frankly, I've never heard of it before. It could be there, but I didn't give it much attention. Anyway, I think it's there, and we're doing it… proof of that is when you came… did you find my door locked? No... On the contrary, I welcome everyone that helps in the development of the country' (M3, RD).*

5.4 Contextual factors

5.4.1 Introduction

As most CSR theories were developed based on studies undertaken in the Western context, many scholars are still relying on these theories to explain CSR behaviour in non-Western contexts, failing to sufficiently appreciate the significance of the context in which the research is conducted (Tilt 2016). Hence, this section addresses the contextual factors that influence CSR understanding and behaviour of Saudi SMEs.

The interviewees were asked to identify the factors in broader society, beyond their competitive environment, that may influence their interest in or engagement with CSR. For this question, there was a list of prompts to then dig deeper to find out more about these issues or to get their view on relevant contextual factors identified in the literature. The factors that were recognised by the owner-managers are listed in Table 5.7 below. Each factor will be discussed in turn.

Table 5.7 Contextual factors that influence Saudi SMEs' CSR engagement

Contextual factors	Number of SMEs which expressed these views	Examples of view
1. Islamic values	22 out of 24	*'Religious values are the greatest motivation'* (T1, EK)*; 'social initiatives must be based on our Islamic values'* (H1, BH)*; 'I am trying as much as possible to adhere to Islamic values in all my dealings'* (C1, JA)*; 'Of course Islamic values are the most influential factors'* (M4, YN)
2. Government regulations	21 out of 24	*'Overall is excellent, but need more details or more classifications, but mostly positive'* (C1, JA)*; 'Generally, it is beneficial that these reforms will make people economize'* (M3, RD)*; 'needs improvement in decisions they have started to implement, but very good start'* (M4, YN)*; 'Some regulations have positive impact and some have negative impact and need to be reconsidered'* (H3, AG).
3. Education system	18 out of 24	*'The country has become much better in terms of education than before'* (H1, BH)*; 'In terms of social awareness, I think it is still not enough according to my experience'*(S3, AT)*; 'I'd say that education has a big impact on manners'* (M3, RD)*; 'Awareness of social responsibility from education was not present in education in our day'* (C1, JA)*;

4. Media	16 out of 24	*'media, in general, is suffering from a lack of specialized media'* (S1, BF); *'Media has a big impact'* (M6, HG); *'Media has become a necessity and its impact is significant'* (H3, AG); *'Social media has become very effective and reaches everyone'*(S3, AT)
5. MNCs	10 out of 24	*'We have noticed that they are dealing with us from a source of strength'* (T1, EK)*; 'I find good interaction as they provide us with necessary equipment cheaply or free sometimes' (*HC1, WH)*, 'We deal with a large company in the US, they have their own standards which doesn't influence us much'* (T2, ST).
6. Industrialisation and technological advancement	8 out of 24	*'There is clear and visible progress in industry and technology'* (H1, BH); *'We have made big progress in the industry despite some constraints'* (M3, RD); *'I notice technological progress. We as a country that face many challenges, we started to focus on technology'* (M5, FM)

5.4.2 Islamic values

Twenty-two interviewees viewed Islamic principles as a prominent factor in their business affairs. This was observed throughout the dialogue with them, and their response to a probing question about their view on the influence of Islamic values on their business activities. It was also noticed that some participants were keen to elaborate further on the role of Islamic principles in promoting CSR in KSA without any prompting from the researcher on the possible connection between Islamic values and CSR.

Islamic principles were viewed by twelve owner-managers as a fundamental driver for engaging in philanthropic CSR:

> *'There is no doubt that the free medical treatment of certain cases that come to us is religiously motivated'* (HC1, WH); *'Charity here in the country is widespread and most companies offer alms and they have a budget item for charity or Zakat. Our Islamic religion urges us to give and to support anyone in need'* (M5, FM).

This significant attention to philanthropy is probably because Zakat is an explicit Islamic ritual and one of the five pillars on which Islam is built (Brammer et al. 2007). Thus, it is a religious duty or *fard ayn* (obligation) that each Muslim must abide by unless they are underprivileged (Murphy and Smolarski 2018). According to the Qur'an (2:110) *"And establish prayer and give Zakat, and whatever good you put forward for yourselves - you will find it with Allah. Indeed, Allah of what you do is Seeing"*.

However, three owner-managers went beyond the common understanding that considers philanthropy as the only CSR outcome driven by Islamic teachings. For them, Islamic

principles go beyond mere charity and donations to include empowering members of society, ethical dealings, and good handling of employees. A trading owner-manager commented:

> *'I don't want to generalise, but the traders believe that social responsibility is only a charity… offering donations to the poor and needy... this is the only thing they consider as a payback to the community. We here believe that empowerment is more important than charity, and this is the principle of the Prophet Mohammed when a man pleaded him. When the Prophet saw that the man is healthy and strong, he asked him: 'You work?' The man replied: No, so he gave him an axe and told him to go and gather firewood and make a living out of it. The meaning of this hadeeth is that you must not be a burden on society and come every time to beg. You become an ineffective person in society. Also, instead of distributing donations, the best is the empowerment that ensures sustainability in society'* (T2, ST).

Further, expressions like *'Our work ethics are in accordance with Islamic values'* (M2, FN); *'Islamic values are ethical values'* (M1, MT); and *'Islamic values always make people morally disciplined'* (M7, SC) were revealed by eleven participants, implying that business ethics are either synonymous with or part of Islamic principles, given the wider scope of Islamic teachings. Honesty, integrity, transparency, faithfulness, and providing high-quality products or services were common terms used by SME owner-managers to describe the influence of Islamic values on their business operations. Nine participants pointed out that the values of Islam are incorporated into their business practices:

> *'The other point, I apply the Islamic teachings in all my business transactions. We do not deal with bribes, whatever its current names are, because some call it goodwill, others call it a service fee, but for me, it is considered a bribe and not in line with Islamic teachings* (M2, FN).

Another owner-manager went further, clarifying that Islamic precepts are a comprehensive way of life:

> *'In my opinion, it is a work and a life essential, all stem from Islamic teachings. I mean, for example, the work ethic in general stems from our religion, which didn't leave any aspect in life and business, especially on profitability and how it can be blessed. How to follow the right ways to achieve profitability and achieve your goals. The Prophet, peace be upon him said: "I left my people on a clear path". God Said in the Qur'an: "Today I completed your religion". Everything, especially in buying and selling in the Islamic religion, is clear and detailed so as not to cause controversy and conflict between people, especially in contracts of sale and purchase. We praise God that these teachings are rooted in the company policy and contracts written in a clear way to preserve people's rights'* (M5, FM).

The above quotation may also suggest that the commitment to Islamic principles comes first and precedes government regulatory compliance on some occasions as emphasised by three participants:

> *'God must be satisfied before satisfying people. For example, we do not sell cigarettes because God forbids it, although it is permissible by the state's regulations, and we might lose some customers for this reason'* (T3, HA).

Despite their concerns for losing customers as a result of adhering to Islamic precepts, which forbid trading harmful goods, some owner-managers believe that complying with Islamic rules would ensure business success eventually, as highlighted by five owner-managers. One explanation was offered by a manufacturing owner-manager on the influence of Islamic values:

> *'Their existence ensures the existence and continuity of the business and ignoring them would destroy the business'* (M1, MT).

However, six participants admitted that there is a considerable gap between Islamic traditions as a philosophy and as a practice. They claim that many people may follow Islamic faith but disregard practice; thus, this may cause a negative impact on issues of social responsibility:

> *'Some people follow Islamic faith but not Islamic behaviour... cheating on the product as an example... All their concern is more profit... Sometimes you find them in the mosque all the time praying... however, they do not adhere to the Islamic behaviour... they do not apply Islamic values in their trade, legal and social transactions... they just apply the worships and forget the dealings'* (M3, RD).

5.4.3 Government

Twenty-one interviewees asserted that the government and its regulations have a substantial impact on their engagement with CSR. Various themes were identified from the information collected, reflecting both the negative and positive effects of this factor on SMEs.

Frequent regulatory changes within a short period were found to be disruptive for seven interviewees, who reported this as a negative effect on their overall strategy, with the potential to also inhibit their CSR engagement. The impact of this factor becomes greater when combined with a lack of clarity on regulatory changes and perceived vagueness in public information:

> *'There are too many regulations that are constantly changing, and sometimes there are no clear instructions for the requirements of each government agency... here, the difficulty lies in the abundance of regulations and their lack of clarity'* (M1, MT).

Another owner-manager from the service sector expressed his dissatisfaction with recent regulatory changes by stating that:

> *'This had a significant impact on the company's goals and profitability... services provided by the government have been suspended because of sudden changes in regulations that we could not follow'* (S2, NO).

The absence of clear and detailed information on the newly introduced changes created some degree of uncertainty for a participant who stated:

> 'The acceleration in the new regulations is clearly influential. You do not know what is going to happen tomorrow. Today's decision changes your course. Thus, the small merchant became like a ship struggling in the waves. You don't know what's going to happen tomorrow. Therefore, you hesitate in all your decisions including social activities. We are spending an enormous amount of time following new regulations rather than concentrating on our job. I'm supposed to be a full-time trader who serves his clients, but I've been following legal affairs, the Office of Labour, etc.… more than a focus on work. (T1, EK).

Due to the short notice and sudden change in regulations, four interviewees claimed that the recent changes were difficult to follow:

> 'Regulation change is difficult to apply in a limited time. You must give us a chance to change because we pay heavy sums. In general, regulations are placed for the public interest, but we need time to absorb it' (T4, BL).

> 'These regulations are unclear, blurry, unstudied and, most importantly, fast and urgent. We understand some of them, but some of them are never practical' (S2, NO).

However, the previous quote also shows some appreciation of the necessity for change, especially in an increasingly challenging global market. This was explicitly addressed by one of the interviewees who justified this rapid change in national policies to respond to international standards, i.e. UNGC principals and ISO26000 guidelines:

> 'The complexity of life and the growth of the country have increased the challenges and competition. The world is getting smaller, there are standards that everyone should follow. The old rules no longer apply, and the country became more open to the world… it must comply with the laws of other countries' (M5, FM).

Accordingly, eight interviewees referred to the positive impact of the current economic reform despite potential short-term negative consequences on their performance. One owner-manager praised the government's efforts in supporting job creation and the localisation of jobs:

> 'We believe that the greatest impact is the state's orientation in supporting the creation of jobs for Saudis. If we take this area specifically, today the state imposes a high charge on hiring non-Saudis so that it creates a greater opportunity for Saudis to occupy jobs in the private sector. This pressurises employers to help create new jobs for Saudis and qualify them for the job market' (T2, ST).

Another participant complimented the government for its support for employees' rights:

> 'The Labour Office regulations govern rights and duties towards employees. Also, health or social insurance regulations, both protect the employees and their families. All these have positive impact' (M7, SC).

Similarly, an architectural SME owner-manager believed that there is significant progress in the regulations of the construction sector, aimed at protecting the rights of both service

providers and clients, rationalising energy consumption, and achieving sustainability in general. The interviewee presented an example of a newly introduced Building Code as part of the ongoing national transformation plan to achieve the Saudi vision 2030:

> *'The state is now focusing on energy conservation and increasing its efficiency. These things have become a law that we need to follow. Now the country has imposed the Saudi Building Code. This code did not leave anything in the projects and paid attention to every detail. It is clearly detailed for all engineering and contracting companies whether in energy, environment, materials, architecture, construction, building or even thermal insulation. All of this is detailed in the Saudi Building Code and will be effectively rolled out next month. We are obligated to use the Saudi Building Code in all our designs and products'* (S3, AT).

In the same context, (AT) added:

> *'The Engineering Procedures Manual has made significant progress in the last three years. There are tremendous developments and a clear interest of the government in engineering offices and engineers; you will not find anyone working in the field that does not have an engineering certificate…they must have the necessary experience to operate. Previously, many worked in this profession regardless of their qualifications. The government body has evolved now. Also, yesterday a list was published specifying the fees of engineering offices. There has been a good arrangement for these things so that they will not remain in the market other than offices that offer high-quality service.*

It was observed that half of SMEs that were more resilient to the ongoing reforms in government policies, were mainly either relatively new firms such as (T2, ST), and (HC1, WH); or the owner-manager is relatively young such as (S3, AT) and (C1, JA) (see Table 3.3). This implies that younger firms and owner-managers may have a greater adaptive capacity to change compared with their more established counterparts.

Finally, three interviewees highlighted the government's lack of incentives for SMEs to engage more in CSR. They claim that the government should provide tax benefits for some CSR activities. In the case of Saudi Arabia, the only tax collected from Saudi owned businesses is called Zakat, an annual flat rate of 2.5% of the working capital:

> *'I also believe that the Authority of Zakat and Tax (GAZT) must have a role in the matter by following the same way as the American Tax Administration, which deducts the expenses of social initiatives from the amount that is given. Thus, traders are encouraged to be more effective in social participation'* (M2, FN).

5.4.4 Education (system)

Eighteen SME owner-managers asserted that education is a focal point for promoting CSR and stressed the need for increasing awareness among young students to appreciate the significant role of CSR on society.

Phrases like *'still needs a very long journey'* (M4, YN); *'Needs more development'* (M6, HG); and *'not mature enough'* (T3, HA) were comments made by ten participants indicating that

the role of education in increasing CSR awareness is relatively poor. This is clearly illustrated by the following view of a service owner-manager:

> *'Education, for example, still needs improvement. I challenge whether there is a school that uses the words of social responsibility; it does not exist in the curriculum or even in practice. Even at the university level, there is no discipline specialised in social responsibility'* (S1, BF).

Another interviewee remarked that:

> *'The government has to play a major role in the education of younger generations of the importance of sustainable development through educational institutions'* (M8, AS).

Two owner-managers pointed to the failure of education to prepare fresh graduates for the job market, and that this role has, for some individuals, been fulfilled by large companies:

> *'I do not agree with the orientation of education here. It does not serve development, does not serve the community, and does not create a person who can develop the community or contribute to development… I am one of the people who spent four years in college, and when I graduated, I didn't know where to start, which companies I can work for or how to run a business, all I've learned is a theoretical science that I've never really benefited from. I was fortunate to be one of the people chosen for the SABB bank training, which is considered one of the best banks that care for graduates and offers them education and training programmes that end in direct employment. I consider that the private sector pays for our education system failures'* (T2, ST).

However, three owner-managers pointed to a growing trend towards developing more socially conscious students in schools, but that this is still at an early stage:

> *'Today there are some schools that are beginning to develop topics related to the social aspect and how students deal with humanitarian situations and to think about society as well and not only think of themselves. There is a trend nowadays in the subject of social responsibility, but it is still in its infancy'.* (M6, HG)

Another SME owner-manager highlighted the great impact of international scholarship programmes offered by the Ministry of Education to thousands of students to study abroad. In this respect, he explained:

> *'I see a great improvement compared to the previous 10 or 20 years… there is a great difference… the scholarship students who were sent abroad by the King Abdullah programme have had a great impact on the country… young lads and girls have come up with new ideas, especially with regard to social initiatives. I noticed that after the scholarships, many of the graduates have returned with many social initiatives. Some of them have established environmental organisations to clean beaches. There are those who care about the education of diabetics and so on'* (T1, EK).

In conclusion, although most participants agree on the key role of education in increasing the awareness of social responsibility, they were divided about its effectiveness in the context of KSA. The majority referred to the passive role of education in promoting CSR;

however, some interviewees showed optimistic views, indicating a growing recognition within educational institutions on the importance of social responsibility.

5.4.5 Media

Media was among the contextual factors perceived to have an impact on the engagement of SMEs in CSR. However, it seemed that conventional media (TV, newspapers, and magazines) is no longer as popular according to fifteen participants who acknowledged that social media may have a greater impact on people:

> *'Social media became a powerful catalyst to promote a culture of social responsibility. If we speak about the influence of social media in Saudi Arabia, we are talking about a massive impact, everyone uses applications, especially Twitter'* (HC1, WH).

Social media is more interactive, and information reaches instantly through platforms such as Twitter, Facebook, and Instagram:

> *'Media is present and mostly in the form of social media because it is the modern media, people are there, every charitable organization has a specialist in social media, all their work is published continuously and many of them are live broadcasting their activities. There is an obsession with social media and the information reaches quickly'* (T1, EK).

Currently, many businesses use social media as a tool to provide social services. This was more obvious for those who work in healthcare, maybe because they have a direct relationship with customers; thus, they can communicate their CSR through social media to strengthen brand image:

> *'We're active in social media through our account on Twitter, Facebook, and Instagram. Many of our social activities are done through these platforms such as providing medical advice by the Doctors of the Centre'* (HC2, RB).

However, four owner-managers reported a lack of an organised and systematic media approach to CSR issues by different actors, including government agencies and NGOs. What exists are individual attempts by influencers of social media who broadcast materials about social issues on an ad hoc basis:

> *'Media is there generally but can be more effective. In my opinion, raising awareness of social responsibility in the media is more of individual initiatives by media broadcasters or celebrities than being systematic through awareness-raising programmes from specific organisations'* (C1, JA).

Another owner-manager believed that social development is not given enough media attention:

> *'Social development has not yet been given the required media coverage. The media is still in its early stage, and it has not reached the stage of maturity. For myself, I did not know about the subject of social responsibility except in the last two years from friends who work in this field. We used to hear the term, but we did not know what it entails'* (T2, ST).

One owner-manager voiced scepticism about media campaigns that seemed to exploit CSR events for pure marketing gains. This may result in adverse impacts such as stakeholder disengagement. He explained:

> *'Companies that conduct events on social responsibility are spending 10,000 riyals, and at the same time they bring a media company to cover the event for 300,000 riyals!... this brings us back to the same subject of hypocrisy and exploitation where the showing off is more important than the real impact of the event'* (M2, FN).

5.4.6 MNCs

Ten SMEs confirmed that they deal directly or indirectly with MNCs to some extent. It was observed that the degree of MNC influence on SMEs' CSR engagement depends on their position in the value chain. That is, MNCs have greater influence when they deal with SMEs as a customer, and have little or no influence if they are suppliers:

> *'We import and export from all countries of the world. They have no influence on our work because most of them are suppliers, not customers. On the contrary, we require suppliers to have quality certificates and their products must conform to our specifications'* (M1, MT).

However, when MNCs deal with SMEs from a position of power, they can impose many environmental, safety and social requirements on their small suppliers. In some cases, they send representatives to suppliers' sites for inspection purposes:

> *'We work with multinational companies, such as Pepsi, Coca-Cola, and P&G. They send their auditors annually to investigate our SOPs* (Standard Operation Procedure) *before giving their approval; they send us questionnaires to answer. They visit our factory, inspect all departments, and take pictures around the factory. Some food companies also have special requirements. They focus too much on ethics, like asking do you have workers less than 18 years old, they check that employees have full rights, they focus on safety also'* (M5, FM).

The above may explain why some SMEs find it challenging to deal and collaborate with MNCs:

> *'International customers have a greater interest in social responsibility, such as Unilever, Pepsi as well. They ask a lot of questions: how do you deal with waste? Does your industry have a negative impact on the environment? Is your industry sustainable or not? They focus on these things. For me as a small factory... All these things are a big challenge ... Because I can't comply with many of their requirements either for the high quality required or for environmental matters'* (M2, FN).

According to Touboulic et al. (2014), such imbalanced power relationships are likely to discourage SMEs from engaging in socially responsible practices as they may not be able to afford the cost of CSR practices pushed by the stronger party, i.e. MNC.

Another point raised by a trading owner-manager concerned MNCs' lack of understanding of the local culture and the needs of the local market:

> *'Yes, we're dealing with global companies and find it sometimes difficult reconciling their stipulations with people's 'requirements' here. For example, we were dealing with a frozen chicken supplier from Ukraine. This company changed the packaging of chicken boxes, so they no longer cover boxes with nylon in order to comply with environmental regulations in Ukraine… in return customers here didn't accept those chickens because they're used to Brazilian chickens, which come with nylon coated boxes. They considered Ukrainian chickens as second degree and not accepted in the market anymore, although we tried to persuade the Ukrainian company… but they refused. This of course is due to the gap between us and the developed world in the area of environmental sustainability'* (T4, BL).

It appeared that the international supplier failed to bridge the gap between the environmental requirement of its home country and the nature of the Saudi market. This not only led them to exit the market but more importantly, they did not take part in championing the suitable CSR practices that can fit the local culture and needs.

5.4.7 Industrialisation and technical advancement

Eight participants commented on the level of industrialisation and technological advancement in the country. According to three owner-managers, industrialisation in the country is comparatively advanced, mainly in the petrochemical sector:

> *'I visited factories in Japan and Europe; I found that Saudi factories are far superior to these factories. Because of our vast space, the presence of electricity, manpower, and good minds capable of development. Together, these advantages do not meet in other countries, they may have the land but lack electricity or manpower and vice versa. Our facilities are excellent, such as the presence of sophisticated ports and good transportation. We are also located in the middle of the world. All of these are factors that surpass many countries of the world'* (M1, MT).

Another manufacturing owner-manager believed that there is a global acceptance of Saudi exported products. However, he and another participant indicated that exports are still marginal compared to the volume of goods imported into the country:

> *'We're still importers and consumers of external products. We need the support and deployment of local industry…. The global competition factor is very fierce, and the question is do I make or import? This question is difficult to answer, knowing the fact that the Saudi industry has good global acceptance and there is high confidence in its quality'* (M6, HG).

Two participants mentioned the significant role of industrialisation in jobs creation. However, one of them argued that job localisation is still lagging and most of the manufacturing jobs are occupied by expatriates:

> *'Most of our factories are heavily dependent on foreign labour and do not pay attention to jobs localisation in Saudi factories. Factories that offer training and qualification for*

> *job seekers are very few and negligible. Yes, there are Saudi factories, but they are working with non-Saudi hands'* (C1, JA).

With respect to technology, several participants confirmed that there is a rapid advancement in terms of the use of technology among young Saudis. This may explain the agreement of seven owner-managers that access to information has become easier, which may provide a unique opportunity to increase CSR awareness through technology:

> *'Saudi Arabia is one of the fastest countries to acquire modern technology such as electronic devices… and young people, due to external scholarship, the use of English is becoming widely available and this has made it easy to reach the outside world'* (T1, EK).

However, another participant asserted that technology is mostly imported and there is no real advancement in terms of the technology industry:

> *'As for technological advancement, we import technology and do not make it. There is technological progress at the level of use and not the technology industry. Perhaps we are the best people on the level of technology use'* (S1, BF).

This might be another opportunity for advancing technology in the country as it is seen as a significant source of innovation, which is a key practice of strategic CSR (Bernal-Conesa et al., 2017).

5.4.8 Discussion and conclusion

This section investigated the contextual factors that influence CSR practices of Saudi SMEs. Identified factors included Islamic religion, government, education, media, MNCs, and industrialisation.

5.4.8.1 Islamic values

The most substantial factor that influenced CSR positively was Islamic values according to most of the participants. This finding provides additional empirical evidence to the existing studies that examine the religion's impact on firms' CSR practices ((Rice 1999; Brammer et al. 2007; Rizk 2008; Williams and Zinkin 2010; Koleva 2020). However, it contradicts the argument of Brown and King (1982), who claim that customs and pressure of the community are more influential than religious values in terms of engaging SMEs in CSR practices. That is perhaps due to the contextual differences between the Western culture, which separates religion from community norms, and the Saudi context, as in most Middle Eastern countries, where Islamic principles and cultural norms are intertwined (Izraeli 1997; Khan et al. 2013). As put by Koleva (2020, p. 4): *'research*

efforts in countries with strong religious institutions such as Islam should consider the importance of religion jointly with the examined cultural or business issues'.

The results put much emphasis on business ethics being a synonym to/ or part of Islamic principles. This reinforces those of Khan et al. (2013) who suggest that religion and ethics go hand in hand, and that, in the Saudi context, Islamic principles support the ethical disposition of the business. This also accords with Ramasamy et al. (2010, p. 62) who argue that *'religiosity provides the background for ethical evaluation and influences one's attitude and behaviour'.* Similar to the findings of this study, which link ethical terms such as integrity, honesty, and quality to Islamic teachings, Rice (1999) confirms that many ethical codes such as justice, honesty, and helping the deprived are common principles that are encouraged by Abrahamic religions. The results also indicate that the scope of Islamic principles is wider than just setting the code of ethics for businesses and they are perceived as a comprehensive way of life. This is reflected in other studies (Rice 1999; Syed Jamal Uddin 2003; Rizk 2008; Khurshid et al. 2014), which suggest that Islam supplies a total code of life, covering every aspect of the Muslim life, including worship, economic, political, and social activities. This finding also lends support to the comparative study of Williams and Zinkin (2010), which suggests that Islamic CSR is not only congruent with UNGC principles, but goes further than the requirement of the UNGC framework in many ways, such as improving human capital, determining what is permitted and prohibited in business transactions, and stressing the accountability of the judgment day for misconduct. The findings also confirm those of Brammer et al. (2007), which suggest that the protection of health and life are valued highly by Islam and it goes further than other religions by forbidding the sale of goods and services that can cause harm to human life, e.g. alcohol, tobacco, and gambling, even if they have been legalised by government. SME owner-managers understood that they may lose customers as a result; however, they believed that adhering to Islamic rules would be mutually rewarding eventually.

Therefore, one can argue that the findings of this study reflect Murphy and Smolarski's (2018) Model of Islamic Ethical Precepts (see Figure 5.8), which incorporates notions of benevolence, trust and accountability, justice and equity, and the necessity of stakeholder consultation and representation. Murphy and Smolarski (2018, p. 19) maintain that *"These precepts, in concert, form a virtuous mutually reinforcing cycle centred on the Maqa- sid al Shariah* (objectives of Islamic law)*, which is the essence and purpose of normative Islam from whence the other principles derive".* Although this model was

mainly developed for large companies, it can be useful to local SMEs or SMEs operating in Islamic countries to understand and appreciate their responsibilities to stakeholders. However, according to Murphy and Smolarski (2018), this model needs to be complemented by another pair of Islamic principles. These are *fard al ayn* (duty/ responsibility upon each person within society), i.e. the five pillars of Islam, and *fard al kifayah* (duty/responsibility upon society as a whole, i.e. if some individuals fulfil this duty, the rest are discharged from the responsibility). Examples of *fard al kifayah* are having skilled people in different fields such as Engineering and Medicine, and conducting business to provide for people's needs. In this regard, SMEs may have more of a *fard al kifayah* since they account for the majority of the business sector, and therefore can contribute significantly to the CSR agenda. Owing to their flexibility, quick response, and informal actions (Fassin 2008), SMEs are better CSR performers than large firms in terms of innovation and risk-oriented product development (Morsing and Perrini 2009; Zhu et al. 2019). Hence, one can argue that normative Islam not only demands that large firms support the national development goals as claimed by Murphy and Smolarski (2018), but also includes SMEs for their better capability than large firms in some CSR areas.

Figure 5.8 Model of Islamic ethical precepts
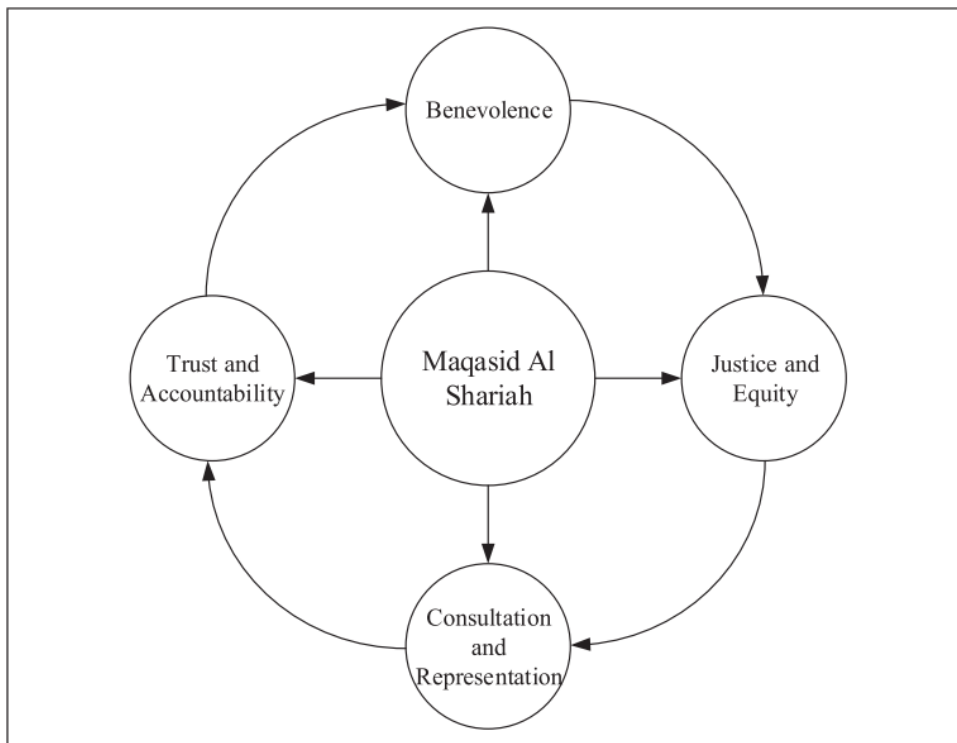
Source: Murphy and Smolarski (2018)

The results in this study challenge those empirical studies (e.g. Weaver and Agle 2002; Graafland et al. 2007) that found less evidence for the positive impact of religion on CSR

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behaviour. A possible explanation for this might be that those studies perhaps did not appreciate the significant difference between religion as a philosophy and as a practice. Rice (1999) asserts that understanding religion both as a philosophy and as a practice is crucial to an international business practitioner, illustrating Egypt as an example of the considerable divergence between Islam as a philosophy and as a practice. For example, many firms within Islamic countries neither follow the moral prescriptions of Islamic precepts (Rehman and Askari 2010), nor those of the UNGC (Mayer 2006). This was also supported by earlier observations in this study, which showed that there is a considerable gap between philosophy and practice in the context of Saudi SMEs. Another explanation for the discrepancy between the results of this study and those which refer to the passive or negative role of religion on CSR is that the context of this study is more homogeneous in terms of religion, language, and culture, thus it has given more consistent results than studies conducted in diverse religious and cultural backgrounds.

To conclude, it was evident that Saudi SMEs typically feature a strong religious culture, which significantly influences their business behaviour as well as their conceptualisation of social responsibility. This can be summarised in the following quotation:

> *'Religion is basically the good treatment of others; the concept of Islamic religion transcends mere prayer and worship and covers the total way of life that includes business and social behaviour' (M1, MT).*

Appreciating such influence, Calkins (2000) remarks that business ethics researchers tend to focus on social scientific and philosophical underpinnings of ethical debates, while ignoring the religious factor in the discussion. Failing to include this factor would lead to missing an interesting observation that could explain the drivers of owner-managers to act responsibly. The current study addresses this point by including the religious factor in the analysis.

5.4.8.2 Government regulations

The second most influential factor on SMEs' CSR behaviour was government and its regulations. Both negative and positive impacts linked to government were reported in this study. The results show that issues like unforeseen and frequent regulatory changes, lack of clarity on public information, and the absence of detailed information on newly introduced changes created a higher degree of uncertainty among SMEs, impacting their social involvement negatively. These results may be explained by the fact that the government is constantly revising market regulations to cope with Saudi Vision's 2030 goal for achieving a more diverse and sustainable economy. This supports the finding of

Nalband and Al-Amri (2013) who suggest that regulations in KSA are still evolving and the environment for applying these regulations is still immature.

Further, previous studies and reports recognise the high level of bureaucracy in the regulatory system, lack of uniformity, visa and labour issues, investment laws, and legal system as the major governmental barriers that hinder CSR in KSA; indicating that there is much needed to be done by the government (Khan et al. 2013). The lack of government CSR fiscal and non-fiscal incentives was also observed in this study as it was highlighted by other studies in the context of KSA (Khan et al. 2013; Razak 2015; Khurshid et al. 2016). This may also explain the lesser pressure SMEs experience from government agencies about their social and environmental performance. The same was suggested by Emtairah et al. (2009), who indicate the lack of CSR incentives and pressure in KSA and claim that large companies apply higher environmental standards than those demanded by the local regulations. A similar observation was noted by Visser (2008), who points out that due to the poor development of the legal infrastructure of many developing countries, pressure for good conduct is relatively weak. This may also provide an explanation for the low score of legal responsibilities in the Saudi SMEs' CSR pyramid discussed previously here (see section 5.3.4).

Nevertheless, the findings highlight the growing influence of government policies, which mainly focus on supporting job creation and the localisation of jobs. This confirms other studies which assert that the development of human capital is the most salient effort that the government has pursued, encouraging more localisation in the private sector since the beginning of the 21st century (Emtairah et al. 2009; Robertson et al. 2012; Aldosari and Atkins 2015). It has been suggested that many emerging economies are lagging behind when it comes to human rights legislation and enforcement (Visser 2008). This does not appear to be the case in this study as the results indicate increasing attention of the government to human rights issues. The results also indicate that there is significant progress in the legal system in terms of environmental protection, health and safety. The newly introduced Saudi Building Code was an example of such progress that would promote the CSR agenda in the SME sector. This is consistent with Al-Gamrh and Al-Dhamari (2016) who affirm that the Saudi government has made serious attempts to reduce CO_2 emissions resulting from the rapid economic and industrial progress in the country.

The results also show that younger firms and entrepreneurs are more resilient and able to adapt to the newly introduced regulations including CSR legislation. This reflects the

findings of some UK studies, which suggest that younger generations and young businesspersons are more socially and environmentally responsive than older generations (Grayson and Dodd 2007). Hence, these outcomes may have implications for current SMEs in terms of employing young individuals, and for the government, which is currently aiming to increase the GDP contribution of the SME sector (Monshaat 2019), in terms of encouraging a new breed of market actors by focusing on young entrepreneurs with modern business models.

Taken together, this study strengthens the idea that the government may need to be aware that a lack of transparency and inefficient governance systems can cause both business and government corruption, leading to a limited presence of CSR among small businesses (Ibrahim 2014). However, this does not necessarily mean that over-regulation would deter all misconduct; on the contrary, increasing the amount of regulation is as risky as under-regulation, especially in the case of SMEs (Fassin 2008). *'Laws can become counterproductive because when companies are over-regulated, they begin to gear the system to comply with the regulations in such a way that they are adhering to the letter of the law but the actual spirit of it has totally evaporated'* (cited in Fassin 2008, p. 374). The government might need to be mindful that imposing excessive regulations might *'produce some compliance, but they also produce resistance, as regulated actors invest in finding loopholes and evading detection'* (cited in Harvard Law Review 2003, p. 2141). Therefore, it might be advisable to introduce new regulations gradually, explain them clearly, give time for SMEs to absorb them, evaluate their outcomes, revise them accordingly, and then repeat the cycle. Further, policymakers may need to keep in mind the unique characteristics of SMEs, e.g. their informal approach to CSR issues, while developing new regulations that encourage SMEs to engage more in CSR activities. More discussion about the influence of the government on SMEs' CSR engagement will follow in chapter 6 (section 6.4 and 6.7) after contrasting the findings of this section with the outcomes of the interviews with the government agencies.

5.4.8.3 Education

The results showed that the impact of the education system is relatively poor in terms of promoting the social agenda, reinforcing Khan's et al. (2013) call for the education system in KSA to be more proactive in integrating CSR and sustainability into education curricula in order to improve CSR awareness in the country. According to some participants, the weak role of education extended to the point where it does not even carry out its basic social role, e.g. preparing qualified graduates for the job market. As a result,

large companies are trying to fill this gap by providing the necessary training to young graduates. This accords with Emtairah et al. (2009) who highlight business leaders' concerns about the adequacy of local education, being focused on the quantity rather than the quality of graduates. Accordingly, their social programmes reflected this gap and were geared towards providing training and internship programmes. It seems that the state's decision-makers recognised this void in the education system. Hence, the Saudi Vision 2030 has paid great attention to improving education by investing in early childhood education, enhancing the national curriculum, improving the skills of teachers, and ensuring that education outcomes are in keeping with job market demands. One of the targets to be achieved by 2030 is to have five local universities among the top 200 worldwide (Saudi Vision 2030 2016). This may explain the findings of this study, which indicate that there are growing attempts to encourage pro-CSR attitudes among young Saudi students in local schools. However, it might be too early to provide a complete evaluation on the outcomes of the vision's educational programmes as they have only been introduced recently.

5.4.8.4 Media

The findings support the conclusion of recent studies that confirm the power of social media which has started to gain momentum in the Middle East with the uprising of civil movements in several countries in the region since early 2011 (Askool 2013; Chaudhry 2014). Makki and Chang (2015) argue that social media platforms play a key role in shaping consumer behaviour in KSA. They also claim that social media can be used as a significant marketing tool to improve product awareness and to build a stronger customer relationship. The results also show that media initiatives in the country suffer from the lack of an organised and institutionalised approach to CSR issues. This reflects the findings of Razak (2015), which point to the lack of media support for the CSR agenda. This could be explained by some legal constraints, which hinder journalists in fully exposing corporations for their irresponsible behaviour (Emtairah 2010). However, Alotaibi et al. (2019) suggest that the accelerated power of social media in KSA will cause companies to focus more on CSR to avoid the potential threat to their brand image.

The findings also suggest that CSR media campaigns are perceived as inauthentic by some participants and could seem to be exploiting CSR for business gains only. This finding is consistent with Samuel et al. (2018), who assert that poor implementation of a CSR campaign could be viewed with scepticism leading to adverse impacts and stakeholder disengagement. Parguel et al. (2011) conclude that customers are more

cynical of CSR events carried out by companies that use boastful media communication, and can be harmful to brand image. To reduce this authenticity gap, Samuel et al. (2018) suggest that CSR campaigns should be carefully aligned with the local cultural context, using less overt communication methods such as social media and oral messages, and should be situated or take place within the local area of the stakeholder.

5.4.8.5 MNCs

This study observed that MNCs can play some role in encouraging CSR practices among SMEs. The degree of influence of MNCs depends on their position in the supply chain. Consistent with the literature, this study found that the highest impact of MNCs is reached when they deal with SMEs as business customers down the supply chain (Jenkins 2004; Visser 2008; Lee et al. 2016; Spence 2016). However, this outcome is contrary to that of Emtairah (2010) who found that Saudi firms do not face similar supply chain pressure to that of Chinese and Indian firms. This inconsistency may be due to the fact that Emtairah (2010) was generally describing the relationship between MNCs and local large companies which are the major exporters in KSA. Additionally, most Saudi exports are related to petrochemicals, which are usually sold to governments and MNC customers (Emtairah 2010).

The tension resulting from MNCs' attempts to comply with global CSR standards while meeting local stakeholders' expectations was present in this study. The example provided in this study was about an MNC that preferred to implement a globally standardised approach to CSR management. This approach may be useful to improve the CSR credibility of the MNC and maintain its global image (Carasco and Singh 2003; Bustamante 2011). However, combining a global approach with a locally customised 'glocal' approach, can be argued to be a better approach comprising both global and local interest (Mohan 2006; Cruz and Boehe 2010). This balanced approach to CSR requires MNCs to adapt global CSR standards to fit local conditions and needs (Wiig and Kolstad 2010). Otherwise, the continuous tension between the global and local CSR expectations may hinder the development of the CSR agenda in the host country (Willi 2014). Instead, MNCs can use significant contextual factors, i.e. religious factor in the case of KSA, to their advantage by supporting CSR development in the host country through lobbying the state to advocate for stakeholders who are less powerful in terms of political and social resources. In return, stakeholders may appreciate this support as they would view it as a fulfilment of MNCs to the *fard al kifayah* duty towards society. Murphy and Smolarski (2018, p. 21) conclude that '*within these societies* (Muslim majority countries) *normative*

Islam asserts that powerful firms have even more of a fard al kifayah obligation to advocate for and protect the rights of the weak and those who cannot do so for themselves (e.g., the oppressed, animals, plant life, etc.)'.

5.4.8.6 Industrialisation and technological advancement

The results of the current study imply that the level of industrialisation is growing and quite sophisticated in some industrial sectors such as the petrochemical industry. This supports the argument of Belloumi and Alshehry (2016), who assert that the rapid increase of industrialisation in KSA has positively impacted the urbanisation rates in the country. The main CSR dimension that was highlighted by participants in relation to industrialisation was the social dimension represented in the positive role of industrialisation on job creation. However, it seemed that the negative impact of industrialisation on the environment was overlooked. This reinforces the findings of Emtairah et al. (2009), who claim that environmental concerns are of low priority for Saudi firms. The same also can be noticed when comparing the number of environmental management certificates (ISO14001) issued in 2017 for Middle Eastern countries, where KSA falls behind regional peers, e.g. UAE, Iran, and Qatar (ISO 2020) (see Table 5.8). This could be due to issues related to the inability of Saudi businesses to appreciate the consequences of their operations on the environment. This point might be linked back to the lack of institutionalised normative calls for environmental awareness. Campbell (2007, p. 959) proposes that *'Corporations will be more likely to act in socially responsible ways if they operate in an environment where normative calls for such behaviour are institutionalized in, for example, important business publications, business school curricula, and other educational venues in which corporate managers participate'.*

Table 5.8 Number of ISO 14001 certificates issued per country (Middle East)

ISO/TS 14001 - Middle East								ISO
Year	2010	2011	2012	2013	2014	2015	2016	2017
Country	2460	2425	2811	3390	3767	4555	4959	4763
Bahrain	38	41	62	65	77	93	119	135
Iran, Islamic Republic of	773	638	597	701	765	755	768	710
Israel	589	484	709	740	817	842	929	883
Jordan	70	48	42	39	58	66	74	77
Kuwait	54	68	100	93	71	94	153	157
Lebanon	11	16	15	34	24	35	30	39
Oman	46	44	65	79	75	113	195	225
Qatar	87	84	154	232	214	314	372	430
Saudi Arabia	**134**	**164**	**185**	**288**	**269**	**352**	**399**	**396**
United Arab Emirates	658	783	882	1119	1397	1891	1920	1711

Source: ISO (2020)

Technological advancement was reported in the findings as a factor that enables members of society to have better access to information. However, it was implied that the technology industry is inadequate in the country. This indicates that there is an unexploited opportunity for innovation through technological advancement, which is a significant benefit of CSR practices (Luo and Du 2012; Bernal-conesa et al. 2017). Luo and Du (2012) suggest that CSR tends to stimulate innovation, which is a substantial source of competitiveness and growth. They argue that because CSR improves relationships with external stakeholders, e.g. customers, suppliers, government and NGOs, better access to a wide body of knowledge can be gained. Hence, a firm can stay up to date with the latest technological development. Also, the higher investment in R&D projects leads to more innovative products, especially in technology industries. Further, the dynamic nature of the global market, which is a highly competitive environment, forces companies to derive more incremental innovations from their CSR practices.

5.5 Nature of CSR in Saudi SMEs

5.5.1 Introduction

This section examines the nature of CSR practices, management, and behaviour of SMEs. The interviewees were asked to provide examples of activities that demonstrate a sense of CSR. They were also asked about the way they manage CSR, i.e. any particular strategy, CSR reports, allocated budget, dedicated personnel, and accredited quality management standards. The evidence of CSR activities was collected throughout the interviews and not only from the direct questions asked in this section. This was to avoid the confusion of CSR understanding among SME owner-managers, which may prevent them linking some daily activities with CSR; thus, missing opportunities to provide examples of CSR activities thinking that these activities are not related to CSR. To overcome this limitation, examples of CSR activities were given, and indirect questions were used, on some occasions, to encourage additional responses.

5.5.2 CSR activities

Owner-managers asserted that they were being socially responsible simply by being successful and profitable businesses as this will have a positive impact on the economic development of the country, thus supporting the local community in terms of offering employment and providing affordable quality products. This is reflected in phrases such as: '*Increasing the firm's capital moves the wheel of the economy in the country*' (T3, HA). '*We contribute to the country's economic activity through our sales and through our product promotion*' (T1, EK); '*We believe that our responsibility is largely economic so that we can contribute to creating jobs and reducing unemployment*' (T2, ST). This finding is in keeping with Jenkins (2006) who observed that small UK firms recognised their responsibility towards society by being supportive to the local economy in terms of building profitable businesses and creating employment opportunities.

SMEs were found to be actively engaged in a wide range of CSR activities. Their participation varied according to the type of industry. For example, healthcare SMEs were more active in practices related to the local community such as providing health awareness programmes on social media and conducting social events at shopping malls and schools. One HR Director of a healthcare SME stated:

> '*We participate in the events of universities by taking our eye examination devices and conducting free tests for students. We participate in events that are held in shopping malls too, not just in Jeddah, but beyond that to other cities as well*' (HC2, RB).

Meanwhile, manufacturing SMEs seemed more focused on environmental issues such as reducing atmospheric emissions and recycling schemes:

> *'We invest in recycling. For example, we conduct a solvent recovery process. It is the recycling of fly spray into the air by collecting it and using it again, hence we minimise waste, maintain the atmosphere, and reduce harmful emissions'* (M5, FM).

The above finding further supports the idea of Boutin-Dufresne and Savaria (2004) who suggest that the type of firm activity determines its participation in CSR. It is also consistent with previous studies which show that manufacturing companies tend to report more on their environmental, health and safety achievements, while service companies put more emphasis on social issues and philanthropic activities (Reverte 2009).

Nevertheless, CSR activities related to HRM or internal CSR practices were attributed substantial importance. This suggests that employees are the most significant stakeholder group for SMEs followed by society/ community. Issues related to the social impact of the supply chain, i.e. customers and suppliers, were in third place. Finally, CSR activities related to environmental social impact were at the bottom of the list in terms of the number of practical CSR activities. Table 5.9 lists all identified CSR activities, categorised by each key stakeholder.

Table 5.9 A list of CSR activities in Saudi SMEs

Type of CSR activity	CSR activities	SMEs	Example quotes
Environmental	Reducing energy consumption.	M8, T1, M3, S3	*'We are working on alerting employees to reduce unnecessary energy consumption. The energy of course cost us and cost the country too'* (M3, RD).
	Promoting eco-friendly products.	H1, M6	*'Detergents that we make are environmentally friendly'* (H1, BH).
	ISO 14001	M1, M4	*'We have an ISO14001 certificate, and other environmental certificates Don't remember their name now'* (M1, MT).
	Waste management and recycling schemes.	T1, M1, M2, M3, M4, M5, M6, M8 T2, T4	*'Yes, we also recycle our waste'* (M8, AS).
	Reducing atmospheric emissions	M4, M5	*'I am ready to share with you the studies we have undertaken in the area of emission reduction, which we do every three months. Legally, we are required to do it twice a year, but we do it four times'* (M4, YN).
Employees	Supporting jobs localisation scheme.	M1, M4, M7, M8, S4, T2, T4, H2, H3, C1, HC1	*'The other thing, which we offer to society is the localization of jobs in administrative and leadership positions'* (C1, JA).
	Providing benefits and family-friendly employment.	T1, M5, M6, M7, T2, T3, T4, S1	*'You should provide employees with the benefits they are looking for'* (T3, HA).
	Engaging employees to take part in community projects and social initiatives.	T1, T2, HC1, HC2, M2	*'We go as employees to participate in cleaning the Corniche beach' (T1, EK).*
	Flat management structure.	M3, T2	'*Our leadership style is a flat management structure as you see offices open to each other... there is no discrimination because we focus on network structure'* (T2, ST).
	Providing on-the-job training.	M3, M4, M6, M7, T2, T3, H2, H3, S3, C1	*'I would like to serve the community by providing the necessary training for the graduates, through which they can develop their careers'* (C1, JA).
	Sending employees to attend training programmes and exhibitions.	M4, M7, S3, HC2	*'All the Centre's doctors go on trips and attend scientific symposiums at the expense of the Centre to develop themselves in their respective fields'* (HC2, RD).
	Arranging social events for employees.	M3, M4, M5, M6, T2, T4, H3, HC1, HC2	*'We gathered for the annual Iftar during the month of Ramadan'* (M5, FM).
	Measuring KPIs	M4, T2, HC2	*'We also measure performance indicators, especially the number of patients we've treated each period'* (HC2, RD).
	Supporting women employment	T2, T3, S2, S4, S5, HC2	*'We are offering free sessions occasionally to enhance the social awareness about female education & to highlight the importance of female contribution to the upcoming missions'*(S4, HF).
	Employment of disabled people	T3, S2, S3	*'We encourage them to work with us, we don't call them disabled, we call them highly motivated people'* (S3, AT).
	Performing staff appraisal	M4	*'Are you doing an annual employee evaluation? Yes, it was introduced last year'*

Supply chain/ suppliers and customers	Offering quality products at a reasonable price.	T1, M4, S1, S3, C1	*'My clients take a better service at a lower price because we bear a percentage of the cost as a contribution to society'* (S1, BF).
	ISO 9001 Quality management standard.	M1, M2, M4, M5, M6, M8	'We have the ISO 9001 certificate and we have a health certificate' (M6, HG).
	Saudi Standards, Metrology, and Quality Organization (SASO) certificate.	M1, M4, M6, H3	*'Yesterday, the Saudi Standards, Metrology and Quality Organization visited us, and we are going to get their certificate soon'* (M4, YN).
	Product and process innovation	M2, M5, M7, T2, T3, S3, HC2	*'We follow a strategy to reduce ordering food items in large quantities. I mean we order 500 cartons instead of 1000 cartons to get fresh and new goods'* (T3, HA).
	Supporting and developing local suppliers	T2, C1	*'We prefer to deal with small suppliers at the expense of big suppliers'* (C1, JA).
	Transparent communication with customers and/or suppliers.	M3, M7, T2, T3, H3, S3, HC1, HC2	*'We believe that the commitment between us and our customers and suppliers is part of our ethical work and transparency as well'* (T2, ST).
Society/ Community	Providing special discounts for local schools and charity organisations.	T1, T2, H3, S2, HC1, HC2	*'we give local schools and charity associations affiliated to the Ministry of Social Affairs a special discount up to 50% of the wholesale price'* (T1,
	Sponsoring local sports activities.	T1, M1, M5, T3, H3	*'We are participating in sports activities'* (M1, MT).
	Supporting young entrepreneurs.	H1, T2, S1	*'Giving advice to young people who want to set up their own business. Such contributions are free of charge, as these contributions need time and do not need money'* (H1, BH).
	Donating to charity	M2, M3, M5, M6, T3, S1	'In *any profit I make… a specific percentage goes to charity'* (M2, FN).
	Sponsoring and conducting social events	M2, M5, S2, S3, HC1, HC2	*'We participated in an event to raise the awareness of society about the importance of daily walking'* (M2, FN);
	Offering internships for students	M5, M6, M8, H3, S3, S5, S6	*'We also train a large number of seasonal employees including graduate students'* (H3, AG)
	Open house policy for students	M3, M6	*'We allow university students, in particular engineering students, to do the research they need for their studies'* (M6, HG).
	Providing awareness programmes through media	HC1, HC2	*'If you follow us on social media, you'll find we're active in providing awareness programmes to prevent diabetes'* (HC1, WH).

Philanthropic CSR, such as donating to charity (six SMEs) and sponsoring local sports activities (five SMEs) received relatively less attention throughout the discussion with interviewees, while the internal CSR, i.e. activities related to employees, formed a central part of their CSR practices. It was most common for SMEs to engage with CSR through activities like providing on-the-job training (ten SMEs), arranging social events for employees (nine SMEs), and providing benefits and providing family-friendly employment (eight SMEs). This discrepancy between SMEs' CSR understanding and their actual behaviour highlights their low awareness of what really CSR entails, and that they are engaged in responsible practices *'without actually knowing it'* or *'silently'* (Santos 2011; Wickert et al. 2016).

With respect to CSR practices pertaining to environmental aspects, it seemed that many CSR actions were mandatory as state regulations have started to enforce environmental standards, which businesses are expected to abide by, especially for those in the manufacturing and construction fields:

> *'Our company is subject to the standards required by the Environment Agency, and all our products are environmentally friendly, we don't have a product that is harmful to the environment'* (M5, FM).

However, it is difficult to affirm that all environmental practices were on a mandatory basis as some owner-managers revealed that some actions were taken voluntarily to increase their efficiency and competitiveness:

> *'We recycle products and water too. Even, we made some modifications to the production line in order to recycle the water. As a result, we made good savings'* (M2, FN).

The above quote can also be taken as an example of SMEs' innovative capacity. Several other innovative practices were found throughout the transcribed materials. The following example shows how SMEs can transform an environmental challenge into an attractive opportunity:

> *'The sector in which we operate is the food sector and, particularly, fresh products (vegetables and fruits) where the wastage rate is high. We try to reduce this waste as much as we can... This was a great problem because many customers do not accept certain products because they don't look nice from the outside, we call defected texture, but from the inside are undamaged. So, we cut them into small pieces or make juice out of them. That makes them consumable. At the same time, we reduce wastage, and of course, this is a benefit for all. We see this as a very effective contribution. In addition, we profit from products that are totally defective inside and out, and are not suitable for human consumption, by working with a recycling company to convert these products into fertilizers'* (T2, ST).

5.5.3 CSR management

Most of the owner-managers did not have a clear strategy for CSR, asserting that they had no systematic planning for such activities. CSR activities were carried out informally, based on the manager's judgement, and on an ad hoc basis, e.g. 'sponsoring sports activities based on requests from charity organisations':

> *'There is no specific strategy, all of this is discretionary, and we deal with every issue on its own'* (M1, MT).

This could be true if CSR is only limited to philanthropy as was understood by most participants. However, it was observed that SMEs have some sort of strategic approach to environmental management by being accredited with ISO14001 (two SMEs), and to stakeholder management through ISO 9001(six SMEs), SASO certification (four SMEs), and staff development, e.g. providing on-the-job training (ten SMEs) or engaging

employees to take part in community projects and social initiatives (five SMEs). The following quotation demonstrates how a healthcare SME is strategically engaging its staff to participate in a CSR initiative:

> *'We have an agreement with local radio that our doctors, who are involved in the medical programme, can offer an awareness programme every Monday. All this is prearranged with the doctor who will participate in the programme'* (HC2, RB).

However, because there is no dedicated department for CSR in all participating SMEs, such activities are managed based on the type of activity through different departments, e.g. HR, marketing, and safety departments:

> *'There is a specific system for managing environmental activities, training, and staff development activities. However, there is no specialised section under the name of social responsibility'* (M4, YN).

As for philanthropic activities, seven owner-managers asserted that they manage them personally.

All the owner-managers highlighted that they do not have an allocated budget item called 'CSR'. Comments like *'No budget allocated for this'* (T4, BL); *'There is no dedicated budget for these activities'* (M7, SC); and *'We don't have a named social responsibility budget'* (S3, AT) were common among participants. Three owner-managers explained that financial constraints limited their ability to forecast greater participation in CSR initiatives:

> *'There was a dedicated budget a few years ago, but now that economic conditions have slowed down, we have no budget to deal with, depending on the possibilities and needs'* (C1, JA).

However, five participants clarified that they have a dedicated budget for charity and donations. Another two participants explained that they dedicate a percentage of their profit to philanthropic activities:

> *'From the beginning, we have planned to allocate 10% of any amount that we gain for social initiatives. Of course, we seek to be active in social responsibility despite our small size'* (S1, BF).

With regard to CSR reporting, none of the participating SMEs produce public CSR reports, except those who reported on their CSR practices for the sake of gaining ISO certificates as mentioned above. Two SMEs were against reporting their CSR activities to the public. One of them justified his position by arguing that reporting CSR to the public may have a greater negative impact on the authenticity of CSR initiatives:

> *'I am against issuing it to the public…I am against using it to show off unless it is for the purpose of encouraging others to carry out social activities as in lead by example. Because I don't care how many customers I get through social participation as much as how many people will benefit from the social initiative…attention to social responsibility has become a mere formality that companies exploit for personal purposes'* (M2, FN).

Five other owner-managers expressed a similar view, suggesting a sense of demarcation and a decision to not use CSR initiatives for promotional purposes. This may also be one of the implications of the philanthropic understanding of CSR among SMEs, which considers using CSR for marketing purposes as an exploitation of good deeds to gain business benefits. The ambiguity in the relationship between marketing and CSR was evident in the discussion with the interviewees. The following example illustrates this point:

> **Interviewer**: *Do you have an open house policy for customers?*
> **Interviewee (M4, YN)**: *No, but if you would like to visit the factory, you are welcome... but customers?... I don't think they're interested... Don't you think that these activities are more about marketing rather than social responsibility?'*

Another reason for not reporting CSR is that some SME owners chose not to disclose their participation in CSR because they felt it is immodest to report their philanthropic commitment:

> *'The owners do not like to produce reports about their social responsibility to avoid hypocrisy and making a profit from work that is supposed to seek rewards from God and not for any worldly gains. I have my reservations about this because my area is marketing; I tried to convince them so we can gain a good reputation. Anyways, in the end, it's up to them'* (HC1, WH).

Once again, it appeared that the philanthropic view of CSR, which undervalues other CSR dimensions, had made CSR disclosure a cultural challenge, restricting SMEs from gaining a competitive edge and satisfying stakeholders' expectations.

Other reasons for the absence of CSR reporting include the lack of expertise in this field and the unawareness of the benefits that can be gained from properly communicating CSR accomplishments:

> **Interviewee (T1, EK)**: *We do not issue any reports on our charitable work because we have no one that is specialized in writing this report. Also, what is the point of the report? Who is the beneficiary of this report? Is it an internal or external entity? So if internal, we know what we did socially, but externally, no one has asked us to submit any such reports.*
> **Interviewer**: *Don't you think these reports could have a marketing benefit?*
> **Interviewee (T1, EK)**: *We are really poor on this matter, we suppose to take care of this subject so that we can benefit ourselves and others'*

5.5.4 Discussion and conclusion

This section explored the CSR activities carried out by the participating SMEs, and the way they organise and manage these activities.

SMEs perceived that they were socially responsible simply by being profitable. This suggests that good economic performance, in an SME context, is an end in itself, contrasting with Carroll's (1979) definition, which implies that economic returns are a means to an end. This is not unexpected in a society with a fast-growing population where employment is seen as a national CSR priority (Saudi Vision 2030 2016).

A range of CSR activities was identified and categorised according to each stakeholder group (see Table 5.9). The most substantial CSR activities that are practised by SMEs were those related to employees, followed by CSR initiatives involved with the local community. This result matches those observed by Santos (2011) who asserts that internal CSR practices such as HR management, employability, and workplace health were given significant importance by Portuguese SMEs. It also accords with Murillo and Lozano (2006) who suggest that social practices for Catalan SMEs are mostly transmitted internally or in local areas of immediate influence.

Environmental practices received relatively less attention from the participants and were mostly associated with manufacturing SMEs. This could be due to sampling biases where manufacturing SMEs represent only one-third of the total sample. Hence, the results might differ if this study was intended to be industry-specific; however, it allowed for some comparisons between sectors. Yet, further investigation might be required to gain conclusive answers. Generally, it was observed that many CSR activities related to the environment were a result of growing pressures from the government, which started to impose a higher level of environmental standards on companies, especially those in manufacturing and construction fields. This outcome is contrary to that of Emtairah et al. (2009), who stress the inadequacy of governmental regulations in monitoring environmental-related challenges such as climate change, carbon footprint, and waste. This discrepancy could be attributed to the time gap between both studies. Recently, Aldosari (2017) shows that there is a substantial increase in disclosing information pertaining to environmental policy and practices among Saudi listed companies, which may indicate the growing pressure from the government to stimulate companies to adopt environmental practices. However, it might need deeper investigation to see how far this result could be applicable in the context of SMEs.

The results show that CSR was not managed systematically. It was rather managed informally, on ad hoc basis, and at the owner-manager's discretion. The same was observed in earlier studies of SMEs in different contexts in both developed and developing countries (Jenkins 2006; Santos 2011; Crane et al. 2013; Lee et al. 2016; Spence 2016; Jamali et al. 2017; Stoian and Gilman 2017). It was also reinforced by Mandurah et al. (2012) who find that CSR practices in Saudi companies, regardless of size, tend to be less formalised, more implicit and are ad hoc in nature. This could hold true if CSR was only limited to altruistic/philanthropic activities as viewed by most of the owner-managers. However, looking at the CSR activities of Saudi SMEs through Porter and Kramer's (2006) corporate social involvement framework, it was observed that SMEs had more of a strategic approach to their CSR agenda than being only engaged in responsive CSR activities. Figure 5.9 distributes SMEs CSR activities according to the framework of Porter and Kramer (2006). Most CSR activities were concentrated in the area of value chain social impact (inside-out), with fewer CSR activities carried out to improve competitive context (outside-in). A possible explanation for this might be the lack of adequate resources, i.e. finance and expertise, that restrict SMEs investing more in their competitive context (Lee et al. 2016). This also could be one of the implications of SMEs' characteristic concern with issues of short-term survival, i.e. dealing with value chain social impacts, rather than taking the opportunity of long-term returns such as improving the competitive context (Spence 1999; Jenkins 2004). However, it is possible that these results merely reflect the sampling selection effect, where the managerial style of most participating owner-managers is more reactionary than visionary.

The resource limitations, which generally characterise SMEs, may also explain why they do not have an assigned department or budget for CSR. However, the results indicate that CSR activities are managed by the owner-managers themselves in the case of philanthropy, or across other departments such as marketing, HR, and safety, based on the type of activity. This kind of less formalised CSR management system might be more productive in the case of SMEs as argued by Jamali et al. (2017), given the lack of resources, time and management skills of SMEs. Fassin (2008) argues that formalising CSR in the case of SMEs is a fallacy and can also be counterproductive. He claims that the spirit of CSR is based on responsible business practices, the right attitude, and the corporate culture, not on formalisation. This view was reinforced in this study as the voice of the SME leaders, who preferred not to use CSR initiatives for marketing purposes.

Figure 5.9 CSR Approach in Saudi SMEs (adapted from Porter and Kramer 2006)

CSR Strategic Approach in Saudi SMEs		
Generic Social Impact	**Value Chain Social Impact (inside-out)**	**Social Dimension of Competitive Context (outside-in)**
Good citizenship - Employment of disable people - Providing special discounts for local schools and charity organisations - Supporting young entrepreneurs - Donating to charity - Sponsoring and conducting social events out of competitive context - Open house policy for students - Engaging employees to participate in social initiatives out of competitive context **Responsive CSR**	**Mitigating harm from value chain activities** - Reducing energy consumption - Waste management - Reducing atmospheric emissions - Promoting eco-friendly products - ISO 14001 **Transform value-chain activities to benefit society while reinforcing strategy** - Recycling schemes - Providing benefits and creating family friendly environment - Flat management structure - Providing on-the-job training - Sending employees to attend training programmes and exhibitions - Arranging social events for employees - Measuring KPIs - Performing staff appraisal - Offering quality products at reasonable price - ISO 9001 Quality management standard - Saudi Standards, Metrology, and Quality Organization (SASO) certificate - Product and process innovation - Transparent communication with customers and/or suppliers.	**Social activities that improve competitive context** - Supporting job localisation schemes - Engaging employees to participate in social initiatives within competitive context - Supporting women employment - Supporting and developing local suppliers - Sponsoring and conducting social events relevant to competitive context - Offering internships to local students - Providing awareness programmes through media **Strategic CSR**

The results reported that none of the SMEs were publicly communicating their CSR achievements or producing annual sustainability reports. This supports the idea of Wickert et al. (2016) who suggest that SMEs seem not to be talking about CSR as they do not usually produce CSR reports or launch webpages to disclose their CSR achievements to external audiences. Several reasons as to why SMEs are not communicating their CSR were reported in this study including the CSR authenticity gap, discussed in section 5.4.8.4, lack of expertise, and the unawareness of the potential benefits that can be gained from proper CSR communication. However, the latter point might not hold true as argued by Wickert et al. (2016) who suggest that the cost of communicating CSR publicly, in the case of small firms, is relatively higher and more

tangible than the expected benefits from publishing CSR achievements due to their low visibility and the absence of media attention, which is more focused on large firms. Fassin (2008, p. 374) concludes that *'formal reports and procedures do not constitute validation of real CSR, nor the proof of superior ethical behaviour. Conversely, the absence of formalised social reporting does not mean that SMEs do not behave responsibly. CSR in SMEs need a specific approach, adapted to the informal and entrepreneurial character of the small business'.* Further, given the stronger philanthropic view of CSR among SMEs, anonymous giving was another factor that restricts CSR disclosure in Saudi SMEs. This is in agreement with Nalband and Al-Amri (2013) who assert that Saudi donors prefer to stay anonymous and do not advertise their philanthropic activities because public giving is both culturally and religiously discouraged.

5.6 CSR motivations, benefits and challenges

5.6.1 Introduction

This section examines the CSR motivations, benefits and challenges in the context of Saudi SMEs. Participants were asked to identify the main reasons for their firms to engage in CSR activities. They were also requested to provide examples of benefits that they have gained or might gain from engaging in CSR activities. Finally, participants were asked to identify any major challenges they are facing to engage in CSR activities.

The information on the CSR drivers, benefits and barriers gleaned from the answers to direct questioning was limited, mainly because participants' answers were relatively short, despite attempts to provide probing questions to help the participants to talk about their views on the respective topics. Therefore, repeated reading throughout the transcripts was required to identify relevant evidence from the interview as a whole.

5.6.2 CSR motivations

SME owner-managers recognised, directly or indirectly, various reasons for conducting CSR activities. The moral and ethical aspects were the prevailing arguments that SME owner-managers used to justify their CSR engagement. However, strategic motivations were present on some occasions and mainly focused on internal drivers rather than external drivers. A list of CSR motivations suggested by the participants is demonstrated in Table 5.10.

Table 5.10 CSR motivations for Saudi SMEs

CSR Motivations	SMEs which expressed these views	Examples of view
1. Personal satisfaction (Moral and religious values)	M2, M3, M4, M5, M6, M8, T1, T2, T3, H1, H2, H3, S3, S6, HC1, HC2, C1	*'The moral motivation, also from a religious standpoint'* (M3, RD)*; 'It has to do with moral compass of the person'* (M4, YN)*; 'As I said moral and religious drivers'* (M5, FM). *'They are personal values in the first degree'* (H2, TK). *'The most important motive is the humanitarian motive...No doubt, by just giving the right advice to the patient and not exploiting them... that is an ethical responsibility on our shoulders'* (HC1, WH).
2. Obligation to society	M2, M7, T1, T2, T3, H1, H3, S1, S3, S5, HC1, C1	*'The people of Mecca proudly serve their city'* (S3, AT)*; 'We prefer to deal with small suppliers over big suppliers, and our social goal is to support them to grow up and prosper'* (C1, JA)*; 'It is our duty to support our community because, without them, this firm would not have expanded'* (T3, HA). *'Every company has a responsibility to the society in which it operates'*(M7, SC).
3. Motivating staff	M1, M4, M6, T1, T2, T3, T4, S1, S2, HC2	*'Basically, one of the reasons for social engagement is staff motivation to participate in social services. This would satisfy their expectations'* (HC2, RB)*; 'If there is no social responsibility or community service offered by the company its employees do not feel happy'* (S2, NO); *'Our goal was our people's satisfaction more than putting these sums in my pocket as a dividend'* (T1, EK).
4. Institutional pressure	M6, M7, M8, T1, T2, H3, S3	*'There is a little we do like training students during summer with monthly allowance which are good initiatives. Although I think it's for the sake of satisfying the ministry of labour'* (M8, AS); *'The state is now focused on energy conservation and increasing its efficiency. These things have become a law that we need to follow'* (S3, AT).
5. Meeting customers' expectations	M7, T3, H3, HC2	*'We have a suggestion box for customers, we are keen to follow it continuously'* (H3, AG)*; 'You should deal honestly and faithfully with the consumer. The customer should be considered an important element of the continuity and prosperity of the company'* (T3, HA).

As seen in the above table, seventeen participants argued that their engagement with CSR stemmed from moral and religious values, while twelve felt they have an obligation towards the local community. This sense of belonging or patriotism was evident from the owner-managers throughout the conversation, and not only a specific response to the questions about CSR motivations. A more strategic driver was revealed by ten participants who remarked that staff satisfaction is a substantial reason for them to be socially active.

External drivers received less attention when discussing why CSR is important to the interviewees. Seven recognised the role of institutional pressure in terms of government legislation pertaining to environmental protection and the employment of local people (localisation). Occasionally, some pressure is exercised on SMEs to contribute to local charity organisations. Another form of external pressure is meeting customers' expectations. Four owner-managers claimed that customer satisfaction is a significant driver for adopting CSR practices. However, CSR activities related to this point are limited to ethical and transparent dealings with customers to gain their loyalty. This may imply that customers are mainly concerned with the quality of the product and service provided by businesses, while their role in encouraging SMEs with community-related CSR initiatives is relatively weak.

5.6.3 CSR benefits

Each interviewee identified at least one benefit from carrying out CSR activities. However, they were divided on whether or not CSR has a direct financial benefit to the business. Eight interviewees were of the opinion that embracing CSR has no direct financial gains; however, they adopt it for altruistic reasons and they do not expect any financial returns. One interviewee asserted that:

> *'Financially, I don't think it would improve profitability directly. On the contrary, it is more cost than benefit'* (M1, MT).

Nevertheless, the recognised commercial benefits were mostly perceived as 'intangible' and unquantifiable, e.g. increased employee productivity or building reputation. Cost-saving was the only 'tangible' benefit that could be measured. Table 5.11 lists all benefits that were identified by Saudi SMEs.

Table 5.11 CSR benefits for Saudi SMEs

CSR Benefits	SMEs which expressed these views	Examples of view
1. Increased employee productivity	M1, M3, M5, M6, M7, T1, T3, T4, H1, H3, S1, S2, S3, HC2, C1	*'Yes, useful because it will give motivation to employees to work harder and that would increase their productivity'* (M1, MT); *'Most social activities are positively reflected on employees, even if they are not the beneficiaries. This is a fact of experience for me personally. When I see my firm being socially active where I live, my performance is reflected positively.* (C1, JA); *The salaries here are not high but there is no pressure and there is flexibility in the work, so our retention rate is high. Basically, you find a positive impact on employees' performance'* (HC2, RB).
2. Enhanced image (reputation)	M2, M4, M8, T1, T2, T3, H3, S1, S3, S4, S5, S6, HC1, HC2,	*'Automatically contribution to social responsibility increases reputation'* (HC1, WH); *'There are benefits like reputation'* (H3, AG); *'Eventually it is rewarding in terms of building reputation in the market'* (S3, AT); *'Build a special commercial name that people talk about everywhere'* (T3, HA).
3. Gaining customer loyalty	M3, M5, T1, T2, T3, S1, S3, S4, C1, HC2, C1	*'There are customers... no matter how high our price is... they don't leave us because they know we don't compromise with the quality of our products'* (M3, RD); *'Our customers also would like to deal with socially active companies'* (T1, EK); *'It is useful in order for the customers to return and repeat their visit and earn their loyalty'* (T3, HA). *'We can gain people's appreciation by allocating some of the profit to participate in social activities. This results in the company earning loyalty from their employees and customers'* (M5, FM)
4. Building relationships with stakeholders	M3, T1, T2, T3, T4, H2, HC2, C1	*'Possibly, this may open up other horizons with the charity organisations that we contribute to as it opens an opportunity to work with them... for example, our contribution to the district's football leagues by offering prizes, we found that the participating teams wanted to buy our products' (T1, EK); 'We build future relationships with the local community' (T3, AH); 'The apparent effect may be the publicity or what is known as public relations (PR)'* (T2, ST).
5. Cost-saving and enhanced efficiency	M2, M3, M7, T2, S6	*'Waste reduction is reflected on the profitability side, and of course saving resources. You also reminded me that we are working on encouraging employees to reduce unnecessary energy consumption. The energy, of course, costs us and costs the country too'* (M3, RD).

Internal CSR benefits were the most recognisable result as fifteen owner-managers asserted that employees' higher productivity is a significant outcome of engaging with CSR activities. Fourteen participants believed that their image in the market would improve if they are more socially active. Customer loyalty was identified by ten interviewees as a competitive advantage they gain by practising CSR. This would add to the bottom line of the business as customers would prefer to deal with socially conscious business. Building relationships with stakeholders is another benefit that was recognised by eight interviewees. They claim that not only do they maintain their relationship with existing customers, but they also build new relationships with community members which result in gaining new customers. The only benefit that is considered as tangible, because it can be measured, is cost-saving through waste reduction, recycling schemes, and developing innovative solutions. This would create shared value for both business and society. Five interviewees highlighted this point when responding to questions other than the one requesting them to identify CSR benefits. This emphasises the point of lack of CSR knowledge among SMEs and how it can benefit their business. Attracting talented employees was recognised by two interviewees as one of the potential benefits of CSR initiatives:

> *'I also believe it creates an interest in people wanting to come and work for a company that is actively engaged in CSR, so it helps a company attract new and better talent and this would make them more competitive'* (S5, MK).

All the above benefits were viewed by owner-managers as commercial or *'worldly'* benefits that they gain only in this life. However, a significant number of owner-managers (ten) felt that the spiritual rewards from God in the afterlife are greater and more appealing to them than the worldly rewards their business may gain from being socially responsible:

> *'We do not hope for many worldly benefits, but the most important is the rewards of God on the judgment day (afterlife)'* (T1, EK).

Eight owner-managers also expressed an interest in gaining God's blessings on their business, thereby potentially combining both God's rewards in this life, e.g. financial gains, with those in the afterlife, i.e. paradise, according to their religious belief:

> *'It is the norm of life... If you are contributing financially, you reap what you sow in an indirect way... This is a divine norm... God's blessing opens up doors of opportunity for you... you get new sales outlets... you may try various ways to gain business but practically can't... But the initiative in deeds of Goodness opens up doors that you have not been able to open in worldly ways. There may not be a logical link... but it does'* (S2, NO).

5.6.4 CSR challenges

Several CSR challenges have been identified throughout the conversation with participating SMEs. Some of those challenges were briefly highlighted in other sections of this chapter. This section will shed more light on the most prominent challenges that either were directly recognised by the participants or indirectly identified as key patterns that they repeatedly reported while discussing other research questions such as the influence of contextual factors, e.g. government, media, education, and the participant's conception of the term CSR. Six key CSR challenges were identified in the context of Saudi SMEs. Those challenges are listed in Table 5.12.

Table 5.12 CSR challenges for Saudi SMEs

CSR challenges	SMEs which expressed these views	Examples of views
1. Lack of CSR knowledge	M1, M2, M3, M4, M5, M6, M7, M8, T1, T2, T3, H1, H2, H3, S2, S3, S5, HC1, HC2, C1	*'Frankly, the term social responsibility is uncommon to us'* (M1, MT) *'We have educated people but they were not taught about the environmental and social consequences of their actions'* (M8, AS); *'The bottom line is that we want to contribute but we don't know how'* (T2, ST); *'Also lack of staff specialized in this area'* (HC1, WH); *'I believe the major barrier is being educated on CSR. Understanding the concept and its benefits'* (S5, MK).
2. Financial resources	M1, M2, M5, M6, M7, M8, T1, T2, H1, H2, H3, S1, S2, S3, S4, S6, HC1, C1	*'Mostly financial barriers' (S3, AT); 'The availability of the profit margin that can be utilised for these activities' (H1, BH); 'This is what the small business suffers from. It cannot predict its annual profits more accurately and therefore a specific budget that may not reflect reality' (C1, JA).*
3. Lack of institutional support and encouragement	M1, M2, M3, M4, M5, M6, T1, T2, T4, H1, H2, S1, S2, S4, HC2, C1	*'Here, the difficulty lies in the abundance of regulations and their lack of clarity' (M1, MT), 'There are no clear incentives here for businesses that encourage them to engage with community service' (M4, YN); 'Although we are subscribed with the Chamber of Commerce and the Ministry of Commerce newsletters, we do not receive any awareness bulletins from any side' (H2, TK).*
4. Social and cultural attributes	M2, T1, T2, T3, T4, HC1, C1	*'It was said among the competitors that we are exploiting this topic for marketing... This is not true, we did not have a profit and frankly, we don't see it as awkward either' (T2, ST); 'We have a problem in feminizing jobs. Due to the small size of our facility, female employees do not feel convenient in the workplace' (T3, HA).*

5. Lack of external pressure, e.g. NGOs, civic groups, and local charity organisations	M1, T1, T2, H3, S1, S2, S3	*'Perhaps also a lack of community awareness of this area may be another obstacle'* (S1, BF); *'Now people care about themselves only, no longer interested in society or other people'* (S2, NO); *Our reports are primarily internal and we do not produce any external reports'* (H3, AG).
6. Lack of time	M3, T2, T3, H1, H3, HC2	*'We do not manage our time properly, so we do not find enough time for social work'* (M3, RD); *'The nature of our work is characterized by long working hours and that might be a barrier for us to participate more'* (T3, HA). *'We work in the field that operates around the clock, and therefore very difficult to dedicate time to these activities'* (H3, AG).

The discussions with the participants revealed that most of them (twenty SMEs) had limited knowledge about CSR. Some of the interviewees explicitly stated that they are unaware of the term CSR. As a result, some participants accepted that their lack of CSR knowledge hinders them from carrying out CSR activities effectively.

Another implication for the lack of CSR knowledge is that several SMEs could not recognise the advantages of CSR other than those related to employee motivation. One explanation might be the difficulty SMEs face with measuring CSR financial returns. Other factors such as education, media, and the absence of information have also contributed to the lack of CSR awareness for both businesses and society:

> *'We need more education; we need to understand the impact of CSR on the company… I think we need more emphasis on the subject'* (M4, YN).

The above quotation also leads to another significant barrier to CSR; namely, the lack of institutional support and encouragement. The latter challenge was referred to by sixteen interviewees who claimed that there is insufficient support and encouragement from several institutional entities that could help them consider CSR in their business.

Governmental support in the case of CSR was one of the arguments that owner-managers alluded to during the interviews. As mentioned previously (see section 5.4.3), three interviewees raised the issue of incentives that government may provide to the socially responsible businesses like other business in the developed countries which receive tax benefits for their socially responsible conduct.

Seven interviewees identified government legislation as another constraint in managing CSR activities. Issues like lack of clarity in the regulations and rapid regulatory changes,

and the short notice in communicating changes were among the inhibiting factors (more details on government regulations are available in section 5.4.3).

Another government shortcoming that was reported by five SMEs is the absence of a dedicated government body that could evaluate and determine the needs of the society and guide SMEs to successfully implement and manage CSR activities:

> *'Don't forget that there is no specific regulator or a real governmental body that organises the topic of social responsibility in general. There are individual initiatives supported by the Ministry of Labour, but there are no regulations that say that the bank or the big company is required to contribute to social responsibility a sum of such and such. None. No one is observing. All initiatives emanate from the company itself'* (S1, BF).

The above was also applied to non-profit institutions which mainly pay attention to large corporations, underestimating the significant role of SMEs on CSR issues:

> *'We found that their focus was on large companies while they forgot that the biggest market share is for SMEs and they can take initiatives that may not require large budgets while their impact may be significant in social responsibility… also, non-profit institutions are not supposed to go to large companies like SABIC and others who have dedicated departments for social responsibility and have initiatives and do not need assistance either financially or in expertise. We are, in the SME sector, in my opinion, at the learning stage curve phase, so, non-profit institutions are supposed to support us to engage in social initiatives and teach us more'* (T2, ST).

The lack of institutional support was extended in the responses of seven interviewees who indicated that there is little or no external pressure exerted on them by stakeholders to be more socially active. Internal drivers seemed to be the main reasons that encouraged SMEs to engage in CSR. Customers, suppliers, MNCs, community and other stakeholder groups do not apply enough pressure on SMEs to participate more and pursue a CSR agenda. This was reflected in one of the owner-manager's responses when asked if they report their CSR achievement publicly:

> *'Who is the beneficiary of this report? Is it an internal or external entity? So, if internal, we know what we did socially, but externally, no one has asked us to submit any such reports'* (T1, EK).

Further, a key CSR challenge that eighteen SMEs reported was insufficient financial resources to conduct CSR efficiently. This barrier is even greater with the current economic reform that the state is performing— diversifying its economy and reducing its dependence on oil (see section 5.2.1 for example quotes on current economic downturn).

Time constraints also were among the challenges that were reported by six interviewees. This could be due to the limited number of employees that generally characterise SMEs, which result in a limited capacity for issues other than their core operation:

> *'I feel that if there was more time for medical staff, they could show more creativity, but the pressure of clinics and patients' care limit our contributions to social responsibility'* (HC2, RB).

A potential barrier that was observed by seven participants is the social and cultural attributes of KSA. For instance, some SMEs were uncomfortable with the idea of reporting their CSR aspects as they were undertaken for religious reasons and reporting such a contribution might be constructed by society as hypocrisy. One of the owner-managers explained:

> *'Culture can also be a constraint. The owners do not like to produce reports on their social responsibility to avoid hypocrisy and make a profit from work that is supposed to seek rewards from Allah and not for any worldly gains'* (HC1, WH).

Another example of cultural barriers was recruiting female employees. Saudi Arabia is known for its male-dominant workforce and if women are recruited, employers in certain industries must arrange a designated space for female employees to avoid mixing with their male counterparts. According to two interviewees, this method was challenging for them as they have limited workplace and could not afford these conditions. Transportation was another barrier that put off employers from hiring females as they were not allowed to drive by themselves in the past and were compelled to depend on different means of transportation which were not financially feasible:

> *'One of the obstacles is transportation, Women were not allowed to drive at that time. Another problem is creating a suitable place for them in accordance with the regulations of the State and the custom of society. We weren't ready at that time to accommodate them and this is one of the difficulties small companies are facing in accommodating women in the labour market. Additionally, we weren't prepared to give long leave to them as maternity leave and more'* (T4, BL).

5.6.5 Discussion and conclusion

The CSR motivation, benefits, and challenges for SMEs were explored in this section. The findings highlight that altruistic motivation, which stemmed from moral and religious values, was the most significant factor that drives SMEs to engage with CSR activities generally, particularly philanthropic CSR, while economic motivation was also present but to a lesser extent. These results accord with other studies (Jenkins 2006; Preuss and Perschke 2010; Vázquez-Carrasco and López-Pérez 2013; Jamali et al. 2017), which highlight that, in the SME context, internal drivers, e.g. moral and religious values, are more significant than external motivations such as competitiveness and institutional pressure. Figure 5.10 depicts CSR motivations for SMEs in this study.

Figure 5.10 CSR motivations for Saudi SMEs
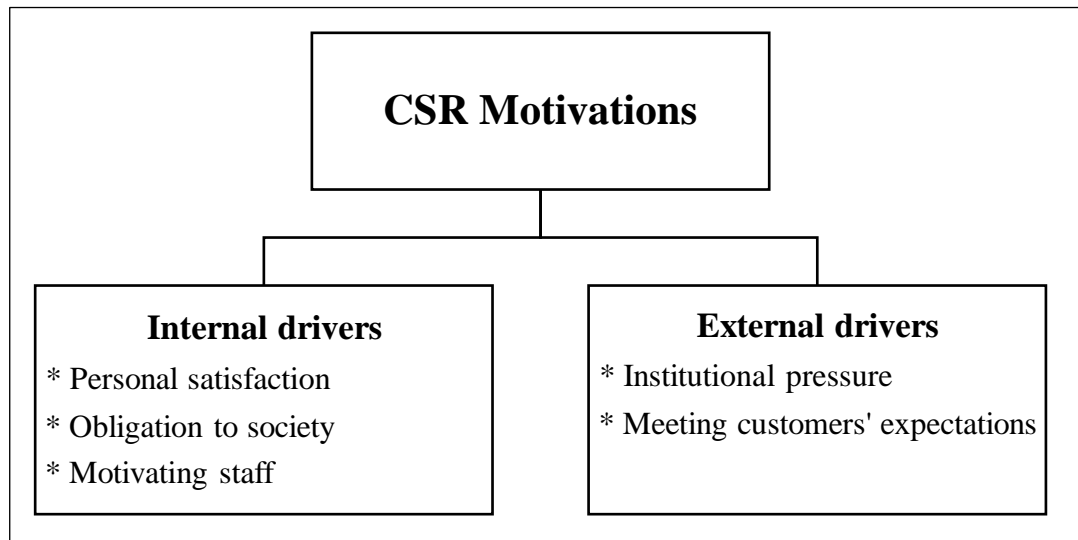
According to Hamann et al. (2017), external drivers play a lesser role than personal values in catalysing CSR practices in the case of SMEs. These findings also lend support to earlier observations that consider staff motivation as a significant strategic reason for engaging with CSR activities (Santos 2011; Spence 2016). That may explain why most CSR activities in Saudi SMEs were focussed on internal CSR activities. However, as argued in the literature, it is difficult to determine whether such activities are strategically motivated for commercial benefits alone, or whether they are also partially driven by moral and religious values (Hemingway and Maclagan 2004).

Several CSR benefits were identified in this study. Business benefits were mostly intangible such as increased employee motivation, enhanced brand image, building relationships with stakeholders, and gaining customer loyalty. Few participants recognised tangible benefits such as cost savings, though none attempted to measure any potential outcomes. These results agree with other studies (Jenkins 2006; Morsing and Perrini 2009; Santos 2011; Vázquez-Carrasco and López-Pérez 2013; Hodinková and Sadovský 2016), which assert that engaging with CSR has substantial economic and social advantages for SMEs. Further, the findings also highlight the spiritual benefits as a significant outcome for embracing CSR. A substantial number of owner-managers felt that afterlife rewards are greater and more appealing, while some others were also interested in gaining God's blessings on their business to thrive in the present in addition to the afterlife rewards. This may explain the findings of Jamali et al. (2009) as to why Lebanese SME owner-managers preferred not to dwell on the economic benefits of CSR for their businesses, as their engagement in CSR was driven by moral and religious values. Figure 5.11 shows CSR benefits for Saudi SMEs in this study.

Figure 5.11 CSR benefits for Saudi SMEs
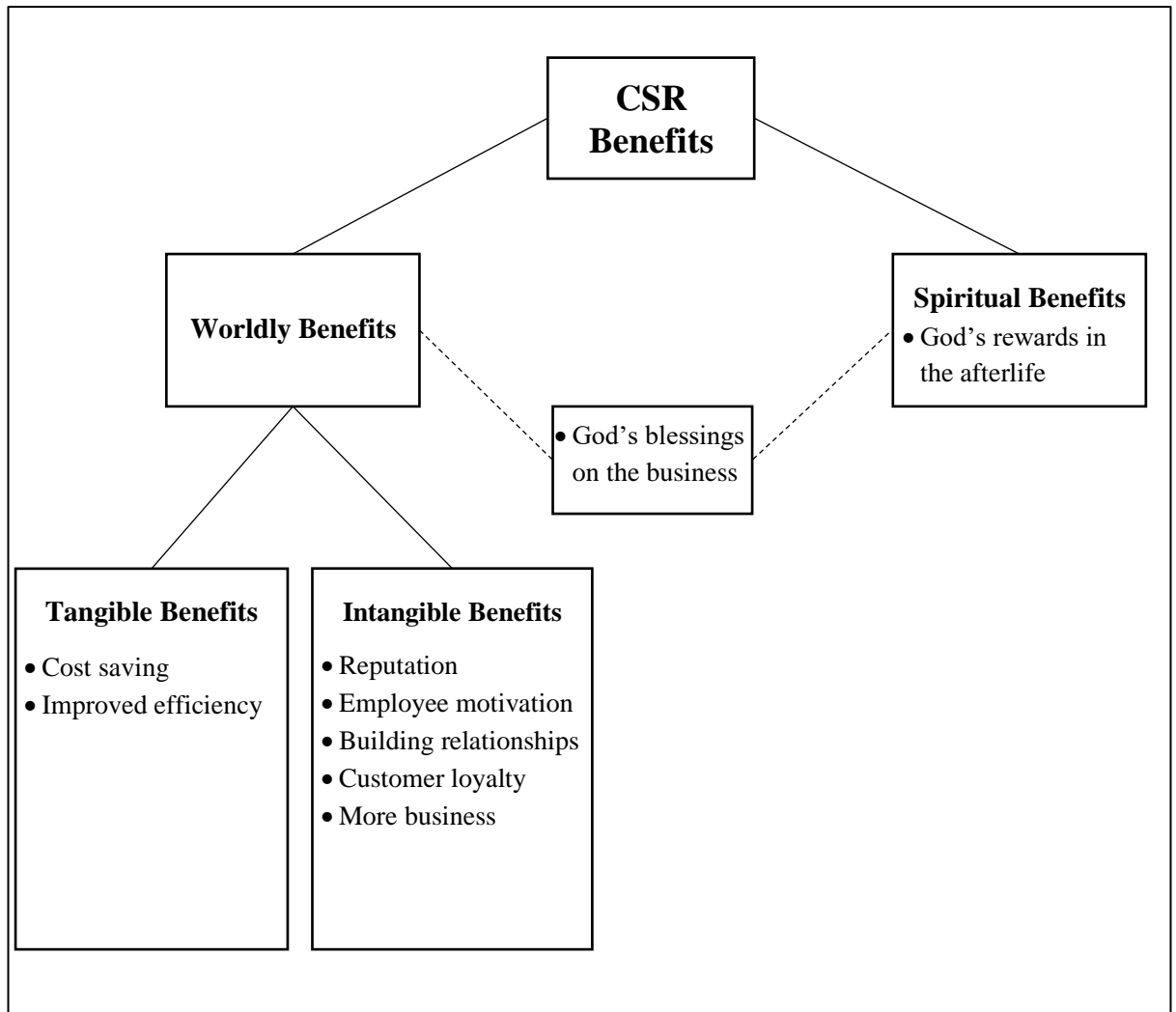
Several internal and external CSR challenges were identified in this study (see Figure 5.12). The most prominent challenge identified in this study was the lack of CSR knowledge, regardless of size, age, and the industry in which the participating SMEs operate in. This finding is consistent with other studies (Khan et al. 2013; Alotaibi et al. 2019), which found that the lack of CSR awareness and knowledge is one of the main barriers to CSR in KSA. This narrow understanding of CSR resulted in less integration of CSR into core business practices and limited SMEs from identifying the business case for CSR (Jamali et al. 2009; Ali and Al-Aali 2012). As indicated in the literature, there is growing evidence that both immediate and long-term benefits of CSR are substantial (Morsing and Perrini 2009; Santos 2011; Hodinková and Sadovský 2016; Hamann et al. 2017; Stoian and Gilman 2017). Therefore, further research might be needed to investigate how to increase CSR awareness among Saudi SMEs, taking into consideration their unique characteristics and cultural context, to pursue a more systematic CSR implementation and wider advantages.

Figure 5.12 Internal and external CSR challenges for Saudi SMEs
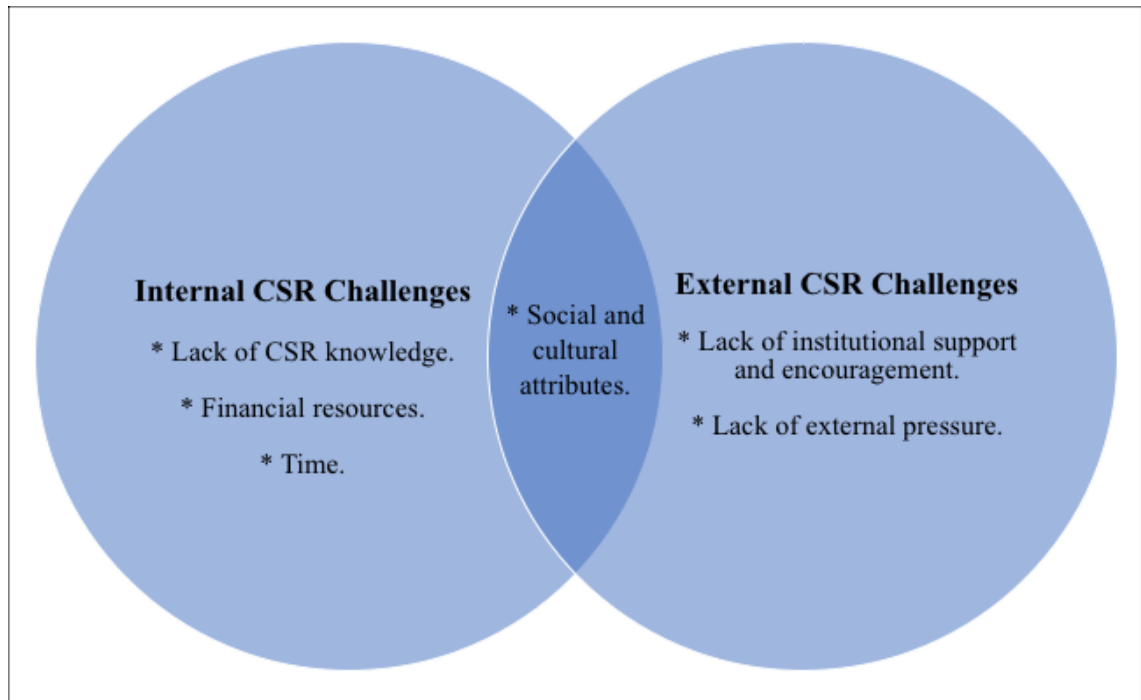
Money and time constraints were among the internal barriers observed in this study. This finding reflects other works conducted in different contexts, i.e. developed and developing countries (Santos 2011; Lee et al. 2016; Jamali et al. 2017; Stoian and Gilman 2017; Alotaibi et al. 2019). Jenkins (2006) suggests that it is possible to overcome such constraints if CSR is integrated into every aspect of daily business activities so that it would not be considered an external cost. This may reduce the burden on SMEs to develop more CSR practices where social values are integrated into the core of the business operations.

Lack of institutional support and encouragement was a significant external challenge in this study. This is in line with previous studies on the significance of institutional support in establishing the basic infrastructure for CSR (Matten and Moon 2008; Emtairah et al. 2009) whereby firms can pursue a clear CSR agenda based on normative and institutional demands calling firms to develop policies and standards to improve their social behaviour. According to Khan et al. (2013), some initiatives have taken place in the last two decades to promote a CSR agenda in the Saudi business sector, e.g. leadership dialogue conference in Riyadh (2008), and a CSR forum in Jeddah (2011). A few other CSR summits were launched (2013, 2014, and 2015). However, such summits are not conducted on a regular basis and public information on the outcomes of these summits is missing. Further, addressing SMEs and their significance to the CSR agenda was generally overlooked.

The results also demonstrated that there is a near absence of external pressure whether from government agencies, the supply chain, or civic groups, to push SMEs to be more socially active. This observation is consistent with Emtairah et al. (2009), who found that Saudi firms face little or no pressure regarding their social and environmental performance from different stakeholder groups. As argued by Campbell (2006), firms tend to behave in a more socially responsible manner if the normative pressures are genuinely institutionalised in the education system and cultural dialogues among stakeholders. However, in the context of SMEs, other studies (Jenkins 2006; Preuss and Perschke 2010) suggest that SMEs are normally less responsive to external pressure compared to large companies, while internal owner-managers' related drivers are a more prevalent factor driving SME commitment to CSR.

The results also indicate that CSR challenges related to the socio-cultural characteristics of KSA were both external and internal. Externally, it was observed that cultural norms were a factor that hinders SMEs from communicating their CSR achievements. This corresponds with the findings of Jamali et al. (2009), where Lebanese SMEs preferred not to report their CSR for altruistic reasons. That might explain the limited CSR reporting in this study. Low female recruitment was an internal cultural barrier identified in this study. However, this might not be the case anymore as recently there has been a rapid growth in the number of women joining the workforce of many fields as a result of the government's recent reforms to encourage the participation of Saudi women in the labour market (Varshney 2019).

5.7 Saudi SMEs' stakeholders

5.7.1 Introduction

The findings of the previous sections have generally demonstrated that several internal and external stakeholders are playing significant roles in the CSR agenda of Saudi SMEs. However, this section aims to shed extra light on the key stakeholders that influence CSR engagement of SMEs and to develop a deeper insight into the processes through which SMEs manage their stakeholders' CSR expectations and their implications. The data analysis in this section used both manual and NVivo analysis techniques, in parallel, to identify the significant stakeholders for SMEs, because most of the interviewees did not use the term stakeholder explicitly and could not recognise the term when they were asked directly to identify their key stakeholders. However, different stakeholders, e.g. employees, customers, and the community, were implied during the whole discussion with the interviewees. Therefore, NVivo was helpful to identify the frequency with which each stakeholder was mentioned during the interviews, while manual analysis was used to ensure the relevance of the NVivo results.

5.7.2 SMEs' key stakeholders

Key stakeholders identified in this study include employees, customers, the community, government, environment, and suppliers (Table 5.13).

Table 5.13 Key stakeholders for Saudi SMEs

SMEs' Stakeholders	Number of SMEs expressed these views	Word Frequency	Examples of view
1. Employees	24 out of 24	249	*'Employees are important to get high productivity, we must make them feel that they are an important part of the business, and this will result in high self-control for every employee'* (H1, BH); *'If there is no social responsibility or community service offered by the company its employees do not feel happy'* (S2, NO); *'Basically, one of the causes of social engagement is staff motivation to participate in social services. This would satisfy their expectations'* (HC2, RB).
2. Customers	21 out of 24	148	*'Stakeholders for us are the customers'* (H2, TK); *'For customers, we listen to their complaints and suggestions and also make field visits to take their impressions and the obstacles they face and try to rectify their concerns'* (M1, MT); *'Most important are the customers and they are the foundation of the company'* (T2, ST).

3. Community	18 out of 24	144	*'I would like to serve the community by providing the necessary training for the graduates, through which they can develop their careers'* (C1, JA); *'You must have a contribution to the community where I as a business get benefit and at the same time benefit society'* (H3, AG); *'I imagine that the subject of alms and donations must be adopted in all companies where the employer supports the community through this budget category'* (M5, FM).
4. Government	18 out of 24	90	*'Government is considered as a strategic partner with the businesses'* (T3, HA); *'The most influential is government regulations'* (T1, EK); *'In my view, the State is a helping factor in relation to social responsibility'* (HC1, WH); *'the legal requirements of the government have contributed to the realisation of the principles of equality and fairness to the employee, such as providing medical insurance and opening an independent bank account to pay their salary and give them their full rights'* (M6, HG).
5. Environment	14 out of 24	55	*'We have environmental quality certification'* (M7, SC); *'This the most activity we participate in, In addition to our environmentally friendly products'* (M6, HG); *'we have a message that we are trying to make a good contribution to the preservation of the environment'* (H1, BH).
6. Shareholders	14 out of 24	51	*'However, the management is greatly affected by the willingness of partners to participate in social activities'* (M1, MT); *'Patients have requirements, so we try to absorb their requirements without compromising the expectations of owners'* (HC1, WH); *'If the owners are very materialistic... this will not be helpful'* (M2, FN).
7. Suppliers	9 out of 24	21	*'We prefer to deal with small suppliers at the expense of big suppliers, and our social goal is to support them to grow up and prosper'* (C1, JA); *'The suppliers that give you raw materials are important'* (M3, RD); *'Even the supplier is a significant stakeholder in our work'* (T4, BL).

All interviewees recognised their responsibility towards their employees. They emphasised that employees are one of the most valuable assets of the firm and they are key to the success of the business:

> *'Employees are the most important stakeholders...because today with the market settings, survival is not about who has a greater capital, nor who has more relationships... the one who will survive is the one who has good staff who think with him and know how to get out of the impasse and how to innovate and develop work'* (M2, FN).

The high recognition of the responsibility towards employees explains why most CSR activities conducted by SMEs are internal, yet they are also mostly strategic, aiming to increase employee motivation thus, increase financial returns. However, evidence from the interviews indicates that there are some ethical and personal elements that drive SMEs to deal responsibly with their employees:

> *'We just do it because it exists in our values as an owner of the company. We used to be employees, and we know what being an employee means… waiting for his salary… wants to learn… wants to take training courses to develop himself… etc'* (M4, YN).

This might stem from the personalised attributes of small businesses as suggested by Jenkins (2004), who argues that stakeholder management of SMEs is often based on personal engagement and a trusting basis between those who are in power and their subordinates. The same attributes that characterise SME managerial practices may also explain employee influence on the CSR decisions of the firm:

> *'Employees have great influence by motivating us to participate in these activities. For example, I had an employee who was proactive in social initiatives and used to suggest to us many social initiatives on various occasions. When this employee left, our social participation subsided. Yes, employees have a big role and motivate us as a company to participate in social activities'* (T1, EK).

Although it was mandatory by law to provide employees with some essential benefits like medical care and paid leave entitlement, many other benefits were based on voluntary obligations. Such benefits include providing medical care for the employees' families, training courses, sending employees to attend exhibitions and seminars, and arranging social events for employees.

Customers came second in importance when it comes to CSR decisions. Although many participants (twenty-one SMEs) mentioned customers as a substantial stakeholder, they spoke less about customer influence on their daily activities compared to employees. However, when participants were asked directly about their significant stakeholders, customers outranked employees and other stakeholders. Social activities recognised in relation to customers focused mainly on providing quality products at a reasonable price and being transparent in any communication:

> *'Of course, customers' impact is significant. We try to satisfy our customers by communicating with them continuously. We provide top quality services in a short time, as well as providing reasonable and competitive prices'* (M7, SC).

While the community was highlighted 144 times in the dialogue with eighteen interviewees, none of the participants explicitly acknowledged the community as a stakeholder when they were asked to identify their key stakeholders. It seemed that, given the narrow CSR conception of the owner-managers observed earlier, the only

recognisable stakeholders are their primary stakeholders, e.g. employees, customers, and owners, whom they view as an integral part of the business, while the responsibility towards secondary stakeholders, e.g. the community, is recognised as a commitment external or parallel to the business instead of being incorporated in it, corresponding with Jamali et al. (2009), who also found the same philanthropic conception of CSR among Lebanese SME managers. This finding also clarifies SMEs' philanthropic orientation in describing their relationship with the local community, which stems from being a good citizen rather than being strategically oriented. Such activities include donating to charity, providing discounts to local schools and charity organisations, and sponsoring local sports' activities. The following quotation is a response of a participant when he was asked about the influence of CSR concerns on the day-to-day running of the business:

> *'It is not very important because I still interpret social responsibility as a tangible product that is presented to the community only and not anything else…this is represented in a provision of financial assistance, development of schools, and a meaningful television advertisement to contribute to the society in which they work'* (H1, BH).

Eighteen interviewees implied that government is another influential stakeholder. However, only four interviewees explicitly mentioned the government as a stakeholder. The part government plays in the daily business activities of SMEs is critical as they must accommodate the legislation imposed by the government including those related to CSR policies such as environmental and social requirements (see Table 5.13 for example quotes).

The government is taking some measures to promote CSR through two main areas; namely, human capital development and environmental issues. The localisation scheme is one of the key government priorities which mandates the private sector to increase the percentage of Saudi nationals in the workforce. Some owner-managers considered this a positive point (see example quote of (T2, ST), section 5.4.3), while some others viewed it as a challenge that they could not overcome:

> *'When the Labour Department increased localisation percentage, we were affected because the major ratio of our employees was foreign workers, mostly from the Philippines. We choose them because they stay at work for a long time, unlike Saudis who don't stay long… especially in the nursing profession. Saudi employees are always looking for government work because government nurses' salary is higher than in the private sector. So, our expansion got affected because we couldn't get visas to bring foreign workers and therefore our plan to open an operations department was delayed. Of course, it is very influenced… by government decisions'* (HC2, RB).

The pressure of the government on environmental issues is comparatively less than human development issues. However, there seemed to be increasing attention being paid

to updating the existing legislation or introducing new laws in order to match international standards (see example quotes of (S3, AT), section 5.4.3). That may explain the increasing recognition among SMEs to view the environment as a business stakeholder, especially those who have a greater impact on the environment, e.g. the manufacturing sector:

> *'We have invested a lot in environmental projects because, in the first place we work in heavy industries, so we put in strong precautions to conserve the environment'* (M4, YN).

Fourteen interviewees implied that owners, founders or shareholders are a primary stakeholder who influence CSR participation, either positively or negatively, depending on the owner's personal values. However, owners or shareholders were not referred to as one of the beneficiaries of CSR activities. When one of the interviewees was asked if shareholders influence their CSR decisions and to what extent, he replied:

> *'The owners yes, because they're the ones who determine the amount of participation, they put the budget and estimate how much you should spend on social contributions. For example, they require us to distribute a social contribution budget partly across the entire year and not spent entirely at one time'* (M5, FM).

Although suppliers were mentioned indirectly by nine interviewees, their influence on CSR decisions is nearly absent, both locally and internationally, suggesting that they are not as powerful as customers when it comes to social and environmental performance (see example quote of (M1, MT) describing their relationship with their supply chain, section 5.4.6).

In addition to the conventional stakeholders identified in Table 5.13, there was strong evidence suggesting that God is perceived as a significant stakeholder for SMEs. Thirteen interviewees spoke of God as a supreme power that influences their daily business decisions. Some even viewed God as the most salient stakeholder, who outranks other stakeholder groups. Therefore, fulfilling God's expectations is among the major goals that business owners aim to achieve. The evidence from the interviews suggests that owner-managers seek God's satisfaction for two reasons: one worldly and one spiritually. On the worldly level, SME owner-managers believe that God possesses the ultimate coercive threat that can cause the business to shut down, while God's blessings can cause the business to thrive and prosper:

> *'There are some products we stopped manufacturing because the quality of the products in the market is bad. For example, I had a tile adhesive product, the quality of this product in the market is currently bad and I refused to go down that level... Not because we're the best quality... but I don't want a customer to pray for God to curse us for the poor quality of the product and may result in accidents...God forbid!... I cannot go below the minimum quality in order to increase profitability'* (M4, YN).

Another owner-manager clarified:

> *'Let me say it in a simplified form. As long as you're putting the fear of God and his satisfaction in front of you, you will succeed'* (S3, AT).

On the spiritual level, owner-managers thought that pleasing God in this life will eventually grant them his rewards in the hereafter (See example quote of (T1, EK), section 5.2.3).

In the context of Saudi SMEs, satisfying God's expectations is a priority that surpasses the expectations of other stakeholders such as customers, government and employees. Many excerpts from the transcripts emphasise this point (see example quote of (T3, HA), section 5.4.2). Another example follows:

> *'In anything I do, I first put God's satisfaction before me. Even if it is contrary to the State regulations. For example, before I penalise or dismiss any employee, I ask myself, does that satisfy God? Even if the systems of the State protect me. I put God's consent before adhering to the regulations of the Labour Office'* (M2, FN).

To conclude, the findings reported here suggest that there is a general acceptance that God is the most prominent stakeholder that influences business decisions, including those related to economic, social, and environmental issues.

5.7.3 Discussion and conclusion

This section revisits the main findings of the research question that explored the SMEs' key stakeholders and the extent of their influence on CSR decisions, with particular reference to the relevant literature and the theoretical frameworks presented earlier.

Consistent with the observation of Jenkins (2006), the outcomes of this study indicate that the term stakeholder was uncommon for most of the owner-managers, yet key stakeholders were implied throughout the interviews. Primary importance was given to employees as the most influential stakeholder who influence the CSR decision whether directly by encouraging the owner-manager to participate more in CSR activities, or indirectly as the owner-manager aims to boost employee motivation. This agrees with the earlier observations of this research, which showed that internal factors are significant in driving SMEs' commitment to CSR. It also accords with the findings of several studies (Murillo and Lozano 2006; Santos 2011; Lee et al. 2016), which concluded that the internal stakeholder relationship with the business is the key motivation for driving and influencing SMEs' CSR decisions.

The findings suggest that customers were also of paramount importance in influencing CSR decisions. Although customers came second after employees in terms of importance

based on the word frequency analysis, they outranked employees when owner-managers were asked directly to identify their significant stakeholders. This slight discrepancy between actual and stated behaviour could be attributed to the unique characteristics of SMEs, which are highly influenced by the informal and personalised nature of management, which in this case, aims to adopt a strategic approach by meeting customers' expectations (stated behaviour), while maintaining a stronger sense of devotion and personal attachment to employees (actual behaviour). This finding supports the view of Fassin (2008) who argues that SMEs need a specific approach to CSR which reflects their informal and entrepreneurial characteristics. However, it contradicts the assumption that considers SMEs as representing simply 'little big companies' (Tilly 2000), and that the CSR strategies of large companies can simply be downscaled to suit SMEs (Jenkins 2009).

The findings of this study suggest that while the community is, in practice, a significant stakeholder for SMEs, none of the owner-managers stated that it is a factor that affects their CSR decisions. This accords with the earlier observation, section 5.5.2, which showed that there is an inconsistency between SMEs' CSR understanding and their actual behaviour, indicating the narrow understanding of CSR, which is restricted to philanthropic giving. This may explain the findings of previous studies (Santos 2011; Lee et al. 2016; Lund-Thomsen et al. 2016; Wickert et al. 2016), which suggest that SMEs are engaged in many responsible practices implicitly or silently 'without actually knowing it'. In addition, the community members might not be exercising enough pressure on SMEs to recognise them as a significant part of every aspect of the business. This seems to agree with Mohan (2006) who suggests that the community is a weak or silent stakeholder in developing countries. That's why it could be argued that the strong engagement of community members with local SMEs can stimulate SMEs to put the community at the forefront of their CSR decision, as concluded in the study conducted by Sen and Cowley (2013) on the CSR behaviour of Australian SMEs.

Although few owner-managers explicitly recognised government as another influential stakeholder, its effect on the daily business activities of SMEs was substantial. The results showed that there is increasing pressure from the government on SMEs to adopt CSR practices related to social and environmental development. This was not the case a decade ago in the study of Emtairah et al. (2009), which pointed to the poor regulatory system mainly in environmental issues, suggesting that there have been substantial efforts from the government to promote CSR issues in recent years. That may also explain the results

of this study, which show increasing attention to environmental issues, leading SMEs to consider the environment as a business stakeholder, especially for SMEs working in the manufacturing and construction sectors. However, Alotaibi et al. (2019) assert that there still is a need for the government in KSA to develop a platform for CSR implementation by introducing guidelines and benchmarks, which will provide businesses with specific CSR tools and frameworks developed for each industry. This guiding principle, as argued by Alotaibi et al. (2019), would also help businesses to choose what, when, and how to implement CSR activities in order to meet government requirements.

Consistent with what has been reported in the literature, the findings show that SME owners or shareholders were a primary stakeholder, and their personal values play a central role in influencing CSR decisions, whether positively or negatively (Murillo and Lozano 2006; Lee et al. 2016; Spence 2016; Jamali et al. 2017). With respect to the relatively lower score of owners/shareholders in the word frequency analysis, this possibly can be explained by the fact that owners were not referred to as one of the beneficiaries of CSR activities during the conversations with the interviewees, thus they were not mentioned frequently. The same observation was reported by Jenkins (2006, p.247), who found that *'shareholders were mentioned as a key stakeholder, but were not referred to in relation to CSR activities'*.

The findings report that suppliers were the least salient stakeholder group among SMEs. This accords with the earlier observation of this study, which found that issues related to the social impact of the supply chain were of less importance to Saudi SMEs compared to CSR issues related to employees. This could be attributed to the absence of supply chain pressures in KSA as suggested by Emtairah et al. (2009). These results are also similar to those of Jamali et al. (2009), who found that employees, customers and shareholders were the most important stakeholders for Lebanese SMEs, followed by community, environment and suppliers.

The results of this section indicate that God is perceived by many owner-managers as a significant stakeholder. The conceptual model of Mitchell et al. (1997) reinforces this view as God would seem to fulfil all three attributes, i.e. *power*: God is seen by owner-managers as a supreme power who controls every aspect of their life and afterlife; *legitimacy*: the actions of God are viewed as legitimate as he is perceived to have authority over the firm; and *urgency*: God has a claim for immediate action. This suggests, in the context of Saudi SMEs, that God is a high salient stakeholder, according to the classification of the stakeholder salience model of Mitchell et al. (1997), providing further

empirical evidence to the arguments that support God as a managerial stakeholder (Schwartz 2006). Consequently, as concluded by Schwartz (2006), accepting God as a primary stakeholder of the business may provide greater meaning and purpose to the owner-managers and their subordinates. In other words, when work is considered an integral part of one's spiritual life; spirit, morale, and creativity of all those involved in the business would improve significantly. Moreover, recognising God as a stakeholder may broaden the social responsibility of the firm by giving less consideration to short-term profitability, while placing more emphasis on the consequences of business operations on other stakeholders (Sendjaya and Sarros 2002). Ethical behaviour might also be improved as a result of acknowledging God as a stakeholder. According to their literature review, O'Fallon and Butterfield (2005) suggest that religion has a positive impact on ethical behaviour. Further, accepting God as a business stakeholder may lead to a healthier bottom line according to several studies, which positively link spirituality with profitability (Krahnke et al. 2003; Mitroff 2003). Jurkiewicz and Giacalone (2004), however, are of a different view, and argue that there is no sufficient evidence linking workplace spirituality with business performance.

Revisiting the main findings of this section with particular reference to Mitchell's et al. (1997) stakeholder salience model (see Figure 3.9, section 3.5.3), the results suggest that God, owners/shareholders, and employees could be labelled as definitive stakeholders, i.e. the highest salient stakeholders, as all three attributes (power, legitimacy, and urgency) were presented in their relationship with the firm. Customers and government could be classified as dominant stakeholders with moderately high salience status as they possess two attributes, i.e. power and legitimacy. Finally, community, environment, and suppliers appeared to possess one attribute, which is legitimacy, in their relationship with Saudi SMEs; thus, they are the low salience group and termed discretionary stakeholders according to the conceptual framework of Mitchell et al. (1997). Although this classification may hold true in most conditions, the dynamic nature of the business environment (Freeman 1984) may alter the classification of stakeholders. For example, when the government introduces new regulatory changes that need an immediate response, it gains the attribute 'urgency' and becomes a definitive stakeholder. Similarly, if those regulatory changes are related to the reduction of CO_2 emissions, then the environment could be labelled as a dependant stakeholder. Table 5.14 shows all potential stakeholders of Saudi SMEs in this study along with their category, listed in the order of high to low according to their level of salience.

Table 5.14 Saudi SMEs' salience classification

Stakeholders	Attributes possessed	Salience classification
God	Power/legitimacy/urgency	Definitive
Owners	Power/legitimacy/urgency	Definitive
Employees	Power/legitimacy/urgency	Definitive
Customers	Power/legitimacy	Dominant
Government	Power/legitimacy	Dominant
Environment	Legitimacy	Discretionary
Community	Legitimacy	Discretionary
Suppliers	Legitimacy	Discretionary

Taken together, applying Mitchell's et al. (1997) stakeholder salience model helps to demonstrate that high salience stakeholders, e.g. employees, customers, and owners, had a greater impact on CSR decisions than did stakeholders with lower salience like community, government, and environment. The exception is suppliers, who were regarded by owner-managers as a secondary stakeholder. These findings also extend the SME stakeholders' salience classification, which was suggested in the study of Sen and Cowley (2013), by including God as a definitive stakeholder who potentially possesses all three attributes of the stakeholder salience model. This new classification might be relevant in the context of business systems that believe in God as a supreme entity, i.e. Middle Eastern countries.

6. Supplementary Findings and Discussions

6.1 Introduction

The previous chapter outlined the core findings of this study, which included the outcomes of the interviews with SME owner-managers. The researcher sought to take further steps to strengthen the validity of the study by conducting a further enquiry. This involved face-to-face interviews with eight representatives from four government agencies that play a key role in shaping the context of the Saudi market in terms of developing and nurturing the SME sector. Hence the supplementary findings presented in this chapter act as another source of evidence to clarify some narratives identified in the core findings and provide additional insight into the context in which Saudi SMEs are operating. Detailed information about the participants from the government agencies and their interview process is provided in the methodology chapter (section 4.3.5.2).

The topics discussed with the government officials included awareness of the CSR concept, CSR contribution of the SME sector, the role of government agencies in championing CSR, influential contextual factors, and CSR challenges for SMEs. The most valuable insights about CSR in SMEs were obtained from the representatives of JCC and, to a lesser extent, from those of Monshaat. They provided the highest input regarding the contextual circumstances of the SME sector. However, the participation of the representatives from MCI and GAZT was significant as they belong to legislative bodies that directly influence the behaviour of all business sectors. Therefore, their most valuable contribution was on issues related to legislation and taxation.

6.2 CSR conception

Out of six interviewees who were asked about their conception of CSR (four from JCC and two from Monshaat), only one interviewee (JC2) could provide a comprehensive definition of CSR:

> *'There are 4 pillars that construct CSR... value creation, corporate governance, environmental protection, and societal contribution. In other words, the company that makes a profit from society has to offer services to the society in which it operates. It has to mitigate environmental harm, increase employment, and satisfy stakeholders'* (JC2).

The other four interviewees had a common view that focuses on the philanthropic dimension of CSR. Among those interviewees was the responsible person for the Social Development Department at JCC:

> *'It is the initiatives that companies carry out to support community groups that need assistance such as orphans and charitable organisations... spreading the culture of volunteering and giving'* (JC4).

Another participant who manages the SMEs Development Department at JCC stated:

> *'My understanding of CSR is that you, as a firm, are a member of an organisation, so what do you offer to this organisation? My role is to enable the illiterate and poor people in the community to secure their own source of income by establishing small businesses that they can earn their living from'* (JC3).

It was clear during the conversations with most of the JCC representatives that the only reference to social responsibility is *'social development'* which refers to philanthropic contribution, and it seemed that the latter term is confused with the term 'CSR' or at least there was no clear definition of both terms in the respondents' eyes.

Further, the interviewees from JCC agreed that there is a lack of CSR awareness among SMEs. However, a participant from the Department of Economic and Social Affairs asserted that there is a growing awareness of the concept among new entrepreneurs:

> *'Basically, CSR awareness among SMEs is absent... except for new entrepreneurs, they are aware of the concept, but they have a lack of practical experience... they may engage in CSR initiatives and events. We have some misconception of the term... SMEs think that they must have a budget in order to engage in CSR activities... they think it is costly and they say we can't afford such expenses, we don't have enough staff, so CSR does not exist for them'* (JC1).

6.3 SMEs' CSR contribution

Three interviewees had a gloomy judgment on the current CSR participation of the SME sector. One of them justified this feeling because of the absence of adequate information and reporting from the SME sector:

> *'SMEs have no clear approach to CSR. Also, the issue of CSR disclosure for SMEs is not regulated, you won't find statistics on this matter, and there are no reports saying that SMEs participate or contribute to CSR activities by this much, it doesn't exist'* (JC1).

One interviewee was even more pessimistic and included large companies in terms of their failure to contribute to social development:

> *'I do not see small companies playing their role in social development, if large companies do not play their social role, would you expect small companies to have a role?'* (JC4).

Another explanation was offered by one interviewee, who was more aware of CSR's multiple dimensions. He accepted that they do not have adequate assessment criteria to be able to evaluate the CSR performance of the business sector in general, not only the SME sector:

'In my personal opinion, when you want to evaluate anything, you evaluate it based on what? Based on the criteria you set for evaluating what you want to evaluate. Unfortunately, we do not have… if we set standards… we will appreciate the performance of companies based on these standards' (JC2).

6.4 The role of government agencies in promoting CSR

Although JCC has a dedicated department for Economic and Social Affairs, their role is limited in terms of encouraging SMEs to be more socially and environmentally responsible, i.e. providing the necessary CSR guidance and expertise:

> *'Our role is limited to issuing some brochures on social development, we support small family businesses, for example providing them contracts to cater for schools... we also provide logistic support to arrange social events, we are also planning to organise a forum about social development to encourage companies to contribute in social development by supporting orphanages and stuff like that'* (JC4).

Similarly, there seemed to be one department pertaining to CSR at Monshaat named 'Social Entrepreneurship'. The role of this department is similar to that of the JCC in terms of providing guidance and support to young entrepreneurs to set up a business that can solve social, cultural and environmental issues. This support includes providing solutions in terms of funds, marketing and operations. As put by a member from the Social Entrepreneurship department at Monshaat:

> *'We have four sections under social entrepreneurship, the operation platform, the incubators, the accelerators, and female entrepreneurs. We try to change the mindset of young entrepreneurs in terms of reducing the risk of unrealistic expectations, we also try to build people's abilities and increase their knowledge. We, in general, are trying to improve the culture of entrepreneurship in the kingdom'* (MA2).

With respect to whether there is a dedicated government agency that carries the banner of CSR, one participant commented:

> *'Who is in charge? Which is the government agency responsible for CSR? The problem is that there is no one, there is no one in charge of promoting, organising, guiding or even correcting the terms and concepts. In fact, there are social contributions, we see, but it is not the only social responsibility, some of them just do it for marketing. There is financial assistance that banks are trying to get rid of by spending it on social responsibility applications. There has to be a governing umbrella that covers this topic, otherwise, no one will pay attention'* (JC3).

However, some individual initiatives are undertaken by JCC periodically to organise CSR summits, where representatives of large businesses, NGOs, and government bodies gather to discuss topics related to CSR awareness and how to drive social development, improve education, and empower youth and women:

> *'Jeddah Chamber considered social responsibility as an important sector of the economy. Eighteen companies responded to our idea of establishing a committee to spread the culture of social responsibility in society. In fact, I would like to point out that the targeted*

companies in this committee were the specialised companies in various fields that embed the concept of social responsibility within their basic strategy. In this committee, there are no consulting offices or civil society institutions. We brought these companies together in order to resolve the CSR obstacles, and to stimulate and create legislation by the government to stimulate companies to align their strategy with the CSR concept' (JC2).

Form the above quotation, it appeared that government bodies were mainly addressing large companies in the CSR discourse, while the impact of the SME sector on the CSR agenda was overlooked. A similar conclusion drawn by an SME owner-manager who criticised the government and NGOs for their focus on large companies at the expense of SMEs on the topic of CSR (see the quote of (T2, ST), section 5.6.4).

Monshaat was the most relevant government agency to the SME sector. It is a relatively new authority that was established in 2016 in line with the Saudi vision 2030, which seeks to diversify the country's economy. Therefore, the supreme goal of Monshaat currently is to build a strong SME sector and increase its contribution to the GDP:

'Monshaat was established to increase the contribution of the SME sector to GDP from 20 to 35% in 2030, which represents more than 500 billion SAR of the domestic product. Growth is our big challenge and therefore we have programmes that help us to reach this goal. We have seen global experiences in many SME authorities that have made great strides, and we strive to launch programmes that support small enterprises, then assess our work and measure the resulting impact' (MA1).

Given its recentness and its primary focus on overcoming the challenge of growing the economic contribution of the SME sector, it might be a little early to pay attention to other concerns such as promoting CSR in SMEs. However, the CSR agenda perhaps served at Monshaat indirectly through development programmes, leadership training, social entrepreneurship, and women empowerment programmes provided to the SME sector:

'Our role is to assist leaders by providing them with appropriate training. We work with the Human Resources Fund which is responsible for recruiting young Saudis by introducing encouraging programmes such as leadership development programmes that target young entrepreneurs and owners of start-ups so that the SME sector becomes an attractive environment for young people' (MA1).

6.5 Contextual factors

The interviewees identified five key factors that influence the SME sector, both generally and in their contribution to CSR in particular. These factors were government regulations, Islamic values, education, MNCs and media.

With respect to the regulatory system, three interviewees accepted that some recent changes have made it difficult for SMEs to survive, let alone to grow:

> *'It is true that the private sector was in pain for the last few years as a result of economic contraction and weak consumer spending as well as some government decisions'* (MC).

The response of the representative of the Ministry of Commerce to the criticism of SME owner-managers about the sudden changes in regulations and the vagueness in government decisions was:

> *'It is true, we do not pretend to be perfect. Don't forget that the State had many projects equal to 2 trillion SAR, the price of oil plummeted from 130 USD to 23 USD, so the state had to put (forward) all precautions to sustain liquidity, maybe we were rushed in some decisions and made some mistakes, but we learned from our mistakes and there was a comprehensive correction and periodic review to all decisions. There is a movement and continuous improvement of all regulations that are imposed on the market players to create a healthy and sustainable market'* (MC).

The same interviewee argued that regulatory changes were part of combating fraud and commercial concealment. He stated that:

> *'Fraud and commercial concealment are major concerns for our economy. We found many cases of fraud in food, medication and apparels. Fraud has significantly spread in our commercial transactions, so we must strike with an iron fist to limit these practices so that the honest merchant can have fair competition'* (MC).

As a result, it may appear that government regulations were harsh for the business sector, but according to the government official, these changes aimed to create a healthy and sustainable market in the long term.

One of the governmental efforts to address the concerns of the SME sector was establishing Monshaat. Although it is not a legislative body, it was given the authority to provide recommendations to legislative bodies to continually improve legislation related to the SME sector:

> *'The basic nature of Monshaat is that it is not a legislative body but a facilitator for small enterprises. In addition, we develop programmes related to legislative matters, we review the regulations concerning small enterprises, and we set the agenda for each ministry and highlight the ones that need attention so that we can provide solutions to help SMEs overcome market challenges. As I said, we don't put regulations in place, but we are trying to take initiatives to modify some of the regulations that pose challenges for SMEs'* (MA1).

Another identified theme from the discussion with the government officials was the significant impact of education on CSR awareness. Two interviewees pointed a finger directly at the lack of CSR education and research in the different levels of schools in the country:

> *'One of our real problems is that universities do not play their primary role in this research area (CSR); the research on CSR in the kingdom is limited, there is no clear definition of this concept, what is available are individual efforts, there is no coordination between the universities and policymakers'* (JC3).

Similarly, one of the interviewees added:

> *'There is no discipline called CSR in the universities, as is the case in psychology or sociology. The specialists in the companies are not necessarily academic specialists in this field. They are practitioners but not specialists. Now, this science has developed. There are standards and applications. There are consulting companies. Companies have an acceptable experience, but at the curriculum level in schools! It is non-existent'* (JC4).

Another participant recognised education in terms of increasing public awareness of CSR:

> *'Education is necessary for raising the awareness of stakeholders about their rights, which will increase their expectations of companies, and their responsibility towards the community in the event they set up their own companies'* (JC2).

Nevertheless, one of Monshaat's representatives was optimistic as he observed that:

> *'There are students who have returned from abroad with master's or doctorate degrees in CSR and have become employees among major local banks and corporations. There are also training centres in this speciality starting to increase in the country'* (MA2).

Media has a similar influence on education according to one of the interviewees. However, as suggested by another, media can have a negative impact as well:

> *'Sometimes media is misleading because businesspeople might use it just to show-off. This is clear when they carry out CSR initiatives for a limited time'* (JC3).

Islamic values were mentioned once by a participant from JCC who linked it only to philanthropic CSR. He stated:

> *'I feel that CSR initiatives are stemming from the Islamic religion, which encourages such activities, examples of that are Zakat and endowments'* (JC4).

The representative of the Ministry of Commerce asserted that one of their primary goals is attracting foreign investment to increase the number of MNCs operating in the country:

> *'We aim to attract well known MNC brands because this is the logic, it is not logical to find the top brands in other gulf countries but not here in Saudi. Why not? We are the largest market in the area... we should invite those brands to develop and diversify our economy...and that will eventually contribute to CSR development in the country'* (MC).

Meanwhile, existing MNCs have started to play a role in encouraging CSR practices through their subsidiaries that deal with local businesses:

'Multinational companies, as part of their commitment to social responsibility, are pushing those working within their supply chain to carry out CSR programs, so it became a matter of time for social responsibility to become mandatory rather than a choice' (JC2).

6.6 CSR challenges

Government officials identified several CSR challenges in the context of the Saudi market. These challenges included:

- Lack of CSR knowledge.
- The absence of a dedicated government agency that can encourage, support and assess the CSR performance of companies.
- Not realising the business case of CSR.
- Insufficient government incentives to encourage CSR practices.
- Lack of communication between the government agencies and SME sector.

The last two points were particularly highlighted by more than two interviewees. Although there are some incentives given to the business sector, which often focus on one CSR area such as human development, they are still not sufficient to drive companies to comprehensively integrate CSR into their strategy:

> *'Don't forget that a programme such as Netaqat* (localisation programme) *is part of the incentive given to companies to carry out their social responsibility in the localisation of jobs and the development of citizens, and there are many other legislations, whether in the Ministry of Commerce or others, for example, forcing companies to govern their accounts and this is a part of social responsibility, there are some scattered bits of legislation that are not under one umbrella but ultimately lead to social responsibility'* (JC2).

Another example of missing opportunities that may encourage SMEs to be more active in CSR is providing tax benefits to those who are CSR active, as is the case in some developed countries (Sprinkle and Maines 2010). Therefore, it was important to obtain the feedback of someone representing the Zakat and Tax Authority on the possibility of providing tax benefits to SMEs for their participation in CSR activities. The response of the Zakat and Tax Authority's representative was:

> *'First of all, you need to differentiate between Zakat and tax, Zakat is a religious duty that is collected from all operating businesses in the country and has specific beneficiaries that are defined by Islamic law, thus we can't change the beneficiaries as we wish, while tax is applied only on non-Saudi businesses that operate within the country and does not apply to Saudi owned businesses. Therefore, almost all SMEs within the country are Saudi owned business, thus they enjoy being exempted from income tax. Though, they need to pay their Zakat, which is 2.5 % of their working capital each year and that is unlikely to change'* (ZA).

Lack of communication between the government agencies and SME sector was among the barriers that were accepted by two government officials. This has created a mistrust towards the introduction of new changes to the current policies, thus a high degree of uncertainty was created, which eventually had a negative impact on the CSR engagement of SMEs:

> *'We admit that there is a lack of communication between the government and the business sector. We as a government must approach the business sector and inform them of our latest developments'* (MC).

6.7 Discussion and conclusion

This chapter presented the supplementary findings drawn from the interviews with representatives of some regulatory bodies that shape the context of the Saudi SME sector. These findings were particularly useful because they enabled the researcher to cross-check some themes identified in the core findings drawn from the interviews with SME owner-managers. The discussion with the representatives of the government agencies revolved around their perspectives on topics including CSR awareness, CSR contribution of the SME sector, responsible government agency(s) for championing CSR, contextual factors that influence CSR behaviour, and CSR challenges.

With respect to CSR's conception, these results reflect those of SME owner-managers, who view that CSR is largely perceived as a philanthropic contribution, rather than being a broad concept that addresses multiple dimensions. The findings also suggest that there is no agreed definition for the term CSR among government agencies. This could be one of the implications of the lack of an institutionalised approach to CSR, which was reinforced by both SME owner-managers and government officials, and by those observed in earlier studies (Emtairah et al. 2009; Mandurah et al. 2012; Khan et al. 2013). Another implication indicated by some government regulators is the lack of CSR awareness among SMEs. However, there is an increasing awareness among young entrepreneurs according to one of the participants. The same was observed in the core findings, where most of the younger firms, aged 10 years or less, had an adequate awareness of the CSR concept (see Table 5.4, section 5.3.3). This agrees with Alotaibi et al. (2019), who suggest that despite the lack of CSR understanding as a concept within KSA, there is growing appreciation of the significance of CSR among public and private sectors.

The results indicate that information on the CSR contribution of the SME sector is lacking amongst government agencies that are meant to be working with them. One of the

reported reasons is the lack of CSR reporting in the SME sector. This supports the core findings, which indicate that none of the twenty-four participating SMEs actively disclose their CSR achievements. Although no studies have researched the level of CSR disclosure specifically amongst Saudi SMEs, this finding broadly supports the work of other studies, which suggest that CSR disclosure among Saudi businesses is generally low (Al-Gamrh and Al-Dhamari 2016; Habbash 2016), and one study indicates that CSR disclosure is positively related to firm size (Razak 2015). Another possible reason for the information gap on SMEs' CSR is the lack of guiding CSR standards, e.g. ISO 26000 and UNGC, which can assist government agencies to evaluate SMEs' CSR participation.

It was also noted that despite the overlapping functions among different government agencies on some CSR issues related to SMEs, there is no single overarching authority dedicated to championing CSR in the SME sector. This may explain some of the problems reported in this study such as the absence of both a single CSR definition and guiding CSR standards adopted by government agencies. These results are in keeping with previous observational studies, which showed that the government efforts to promote a CSR agenda in the country are still insufficient (Emtairah et al. 2009; Ali and Al-Aali 2012; Khan et al. 2013).

It was observed during the conversation with the interviewees that CSR was mainly associated with large companies, while SMEs and their impact on the CSR agenda was not much appreciated. However, in line with the Saudi vision 2030, a new authority, Monshaat, was recently established for developing the SME sector. The current primary focus of this authority is to increase SMEs' economic contribution, which is, in itself, the foundation of CSR according to Carroll (1991). This may provide some explanation as to why, in this early stage of development, Monshaat may need time to include other elements of the CSR agenda amongst its goals.

Regarding the contextual factors that influence CSR behaviour, the supplementary findings emphasised similar key factors to those identified in the core findings, which included government regulations, religion, education, MNCs, and media.

Two explanations were offered by the concerned government official on the sudden regulatory changes. First, the recent economic decline caused the government to implement tight measures on the SME sector. Second, some regulatory changes were part of government efforts to create a healthy and sustainable market. Further, Monshaat has been recently established to function as a facilitator for SMEs by coordinating with other government agencies to continuously improve the regulatory system for the SME sector.

A comparison of the two results, core and supplementary findings, reveals that there is a common agreement on the inadequacy of the education system in terms of increasing CSR awareness among different stakeholder groups. This is also in agreement with Khan et al. (2013), who refer to the poor CSR education in local schools and colleges as one explanation for the lack of CSR awareness in the country. According to Alshuwaikhat et al. (2016), research and programmes in the area of sustainability are not yet integrated into most Saudi universities. In order to increase sustainability awareness in the education system, Alshuwaikhat et al. (2016) suggest that universities need to review and revise their current curriculum by integrating sustainability topics into educational programmes in all fields and introducing sustainability workshops for both under- and post-grad students. The Ministry of Education also needs to offer more scholarship and funds opportunities to improve sustainability research in the kingdom. Both results in the current study reinforce the latter point as they recognised the impact of the International Scholarship Programme that was launched by the government in 2005. This programme has started to pay off as the number of CSR and sustainability scholars is on the rise; thus, this has reflected positively on the CSR awareness in the country.

The results of the interviews with the government officials support those of the core findings, which view that media exposure could make CSR activities seem less authentic. A possible explanation for this might be that CSR activities were poorly communicated and were used superficially and 'boastfully' for pure marketing gains, or there might be a clear disconnect between a company's CSR programmes and the nature of its operations, leading to cynicism and disengagement among stakeholders (Jahdi and Acikdilli 2009; Parguel et al. 2011; Samuel et al. 2018).

Similar to the core findings, religion was perceived as a significant driver for philanthropic CSR. This agrees with the findings of other studies, in which Islamic tradition is considered a supportive factor for philanthropy (Razak 2015; Khurshid et al. 2014). However, religion seemed to be a lesser driver for the government officials compared to the self-reporting of SMEs. This may be explained by the recent government orientation to renounce the conservative form of Islam and adopt a more moderate one by curbing the power of the hard-line clerics, who used to define social norms and values in the country (Chulov 2017). This has resulted in a series of social reforms such as introducing entertainment, e.g. cinemas and musical concerts, allowing women to drive, granting them the right to travel without the consent of a male guardian, and giving them

the opportunity to enter into work fields that were exclusive for men only (Bashraheel 2019). All these changes were essential for achieving the goals of the Saudi Vision 2030.

The role of MNCs was acknowledged in the results of this chapter. It was reported that the government is keen for more MNCs to operate in the kingdom. Therefore, it was perceived that the adoption of CSR in the SME sector is expected to increase with the growing number of MNCs operating in the Saudi market. However, this outcome is contrary to that of the core findings which have suggested that SMEs find it difficult to satisfy MNCs' CSR requirements at present as they cannot afford the cost of CSR practices pushed by MNCs (Touboulic et al. 2014). Therefore, unless the government addresses CSR costs with MNCs operating in the kingdom, these MNCs would not be a significant factor for increasing SMEs' CSR contribution. A government agency, e.g. Monshaat, may need to play an intermediary role in the relationship between SMEs and MNCs to align commercial and CSR goals between both parties by finding ways to support SMEs to be compliant with MNC standards, and working with MNC managers to use their power as an effective tool to advance CSR among SMEs while reducing the costs for them.

CSR challenges identified by the government officials are similar to those of SME owner-managers. Two challenges were particularly concerning to the government officials; namely, CSR incentives and the communication gap between the government and business sector. First, CSR incentives were found to be inadequate because although there is some degree of government incentives, they are piecemeal initiatives rather than comprehensive and part of an integrated strategy and largely support one CSR aspect, e.g. human development, ignoring other CSR dimensions. This observation reinforces the findings of recent studies, which argue that government CSR incentives are few, limited to human capital, and often do not follow any framework or guidance (Razak 2015; Alsubaie 2016). This image may point to a lack of institutionalised approach to CSR which was identified by Visser (2008) in his characterisation of CSR behaviour in emerging economies. Another form of incentive was the Zakat issue, which was a subject of disagreement between SME owner-managers and the relevant government agency. In a sector characterised by limited cash (Burns 2001), financial incentives may help SMEs adopt more CSR initiatives (Lee et al. 2016). Therefore, it may be argued that the government may need to review financial incentives policies to encourage SMEs to be more CSR active. The Zakat argument mentioned above can be taken as a good example of the communication gap between government agencies and the SME sector. This

finding broadly supports the work of other studies in this area linking the lack of government support, communication and incentives with CSR challenges in KSA (Emtairah et al. 2009; Ali and Al-Aali 2012; Azhar 2016). It could be argued that addressing the communication issue may resolve many other issues identified in this study such as those related to regulations, CSR knowledge, and CSR incentives, which would eventually encourage SMEs to engage more in CSR activities. The government may need to use different tactics to deliver the CSR message to SMEs. Grayson and Dodd (2007, p. 19) suggest that *'if CSR is seen as being primarily part of a political agenda imposed from above there is unlikely to be much progress and it may even provoke resentment and negative reactions'*. Hence, as they claim, most messages seeking to promote CSR among SMEs can be delivered by intermediary institutions that are already known and trusted by SMEs. CSR can be communicated through semi-governmental agencies, e.g. chambers of commerce and small business advisors like Monshaat in KSA, research centres, and business associations. Using exemplary SMEs, which are viewed as CSR champions, maybe one of the best ways to promote CSR among SMEs (Jenkins 2006).

7. Conclusions

7.1 Introduction

The aim of this study was to explore the potential role and contributions of SMEs in addressing the CSR agenda in KSA, using insights from stakeholder theory and other theoretical frameworks to increase our understanding about how SMEs can engage with CSR as an important contemporary business challenge. Being the most influential individuals for SME decisions, the research focused specifically on owner-managers' perspectives on their business role in society, their CSR awareness, and their conception of the term. The study also evaluated the influence of contextual factors, including religious, political, and economic, on SMEs' CSR behaviour, the nature and management of CSR activities, and CSR drivers and challenges. The final objective was to explore the main stakeholders for SMEs, and to unpack the processes through which they manage their stakeholders' CSR expectations and their implications (see chapter 1). These objectives were developed after presenting a general background of the research context (KSA), e.g. demographic and geographic information, key contextual factors, and the significance of SMEs in KSA (see chapter 2), then providing a holistic review of the parent CSR literature, e.g. definitions, evolutions, and theoretical frameworks, and the immediate CSR literature, i.e. CSR in KSA and CSR in SMEs (see chapters 3). To address the research aim, objectives and their related questions, the researcher used a qualitative methodology from an interpretivist epistemological stance to collect empirical data by interviewing twenty-four SME owner-managers and eight government representatives in the western province of KSA. Collected data were analysed using both manual analysis technique (thematic analysis) and computer-assisted qualitative analysis software (NVivo 11) (see chapter 4). The research core findings and their discussion were presented in chapter 5, then compared and contrasted with the supplementary findings, and consolidated in the following chapter (see chapter 6).

This final chapter outlines the conclusions of the research. It begins by revesting the research questions, providing a summary of the findings and pulling together key insights into CSR dynamics of Saudi SMEs. This is followed by the contribution of this study to knowledge at theoretical, empirical, and practical levels. The chapter ends with the research limitations, further research direction, and a personal reflection of the researcher on the PhD journey.

7.2 Summary of the research findings

As this study investigated a phenomenon, i.e. CSR, in double contexts, i.e. SMEs and KSA, the researcher sought to enhance the conclusion of the study by summarising the research findings of each research objective in terms of what is applicable for each context separately, i.e. SMEs and KSA, and what is exclusive for SMEs in KSA. The Venn diagram here below (Figure 7.1) illustrates the novel contribution of this study by highlighting the research findings in the Saudi SME context.

Figure 7.1 Research findings in terms of the Saudi, SME, and Saudi SME contexts

Saudi Context
* There is a moderate awareness of CSR; and it is still an emerging concept.
* Government's regulations, social media, and MNCs have a significant impact on CSR engagement.
* Education is poor in terms of promoting the social agenda.
* CSR has intangible and tangible business benefits.
* CSR challenges include lack of CSR knowledge, social and cultural attributes, and lack of institutional support and pressure.

Saudi SME Context
* Enlighted self-interest is the most presented priority in managerial values.
* There are no reservations to the use of CSR term.
* Islamic culture has a stronger influence on CSR conception and behaviour.
* MNCs have a potential (currently under-exploited) role to promote CSR.
* Strategic CSR is focused on mitigating the value chain social impact.
* Spiritual CSR benefits include God's rewards in the afterlife and his blessings on the business.
* God is perceived as a significant primary stakeholder.

SME Context
* Religious and ethical values are significant factors for business decisions.
* CSR is perceived as economic and philanthropic responsibilities.
* CSR is practiced without reference to a particular term.
* Younger firms are more adaptive and supportive to CSR legislation.
* Internal CSR activities and philanthropic initiatives towards the local community are the common form of CSR.
* Philanthropic CSR is informal and based on ad hoc and manager's discretion.
* There is no dedicated department, budget, and public reporting for CSR activities.
* CSR motivations are based on both altruistic and economic reasons with more emphasis on personal values.
* Money and time are major CSR challenges.
* The most salient stakeholders are owners, employees, and customers.

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Returning to the research questions that this thesis set out to explore, Table 7.1 provides a visual summary showing how key elements of the findings relate to the research questions.

Table 7.1 Summary of the research findings

Research Questions (RQ)	Research Findings
RQ1. What are the business values of SME owner-managers; and how do these values influence firm engagement in CSR activities?	• SME owner-managers' business values are commonly influenced by a mix of social and profit priorities that shape CSR understanding and decisions of Saudi SMEs. • Religious and ethical values are significant factors for business decisions. • Enlighted self-interest is the most frequently presented priority in managerial values.
RQ2. What is Saudi SMEs' conception of their role in society and what are their social priorities?	• There is a moderate awareness of CSR; and it is still an emerging concept. • CSR is perceived as economic and philanthropic responsibilities. • There are no reservations about the use of CSR term.
RQ3. What are the significant contextual factors that influence SMEs' CSR engagement?	• Islamic values, government regulations, education system, social media, and MNCs have a significant impact on CSR engagement.
RQ4. What is the nature and extent of that influence; and what are the implications for that influence?	• Saudi SMEs feature a strong religious culture, which significantly influences their business behaviour as well as their conceptualisation of social responsibility. • Both negative and positive impacts linked to government regulations were reported. • Education is poor in terms of promoting the social agenda. • MNCs have a potential (currently under-exploited) role to promote CSR. • The power of social media is rising but suffers from a lack of an organised and institutionalised approach to CSR issues.
RQ5. What are Saudi SMEs doing in the area of CSR; and how do they manage CSR activities?	• Philanthropic initiatives towards the local community are the most common form of CSR. • Non-philanthropic CSR activities are strategically practised, across other functions, in terms of mitigating and transforming value chain social impacts with a focus on internal CSR activities. • CSR is informally managed, with no dedicated department, budget, or public reporting.
RQ6. What motivates Saudi SMEs to engage in CSR activities; and are they strategically or morally motivated?	• CSR motivations are focused on internal drivers, e.g. personal satisfaction, an obligation to society, motivating staff. • External drivers include institutional pressure and meeting customers' expectations.

RQ7. What are the benefits that Saudi SMEs would gain through their engagement in CSR activities?	• Benefits are mostly intangible, e.g. increased reputation, increased employee motivation, and gaining customer loyalty, with few tangible benefits such as cost-saving and improved efficiency. • Spiritual CSR benefits are significant which include God's rewards in the afterlife and his blessings on the business.
RQ8. What are the perceived challenges that may hinder Saudi SMEs to engage in CSR activities?	• Mix of internal and external CSR challenges were identified including lack of CSR knowledge, time and money constraints, social and cultural attributes, and lack of institutional support and pressure.
RQ9. Which stakeholders are significant to Saudi SMEs in relation to CSR; and to what extent?	• The most salient stakeholders are owners, employees, and customers. • Stakeholders like government, community, environment, and suppliers are less significant. • There is a near absence of other stakeholders like NGOs and civic groups. • God is perceived as a significant primary stakeholder.
RQ10. How do Saudi SMEs manage the CSR expectations of their stakeholders?	• The term stakeholder was uncommon for most of the owner-managers. • Owners' personal values play a central role in influencing CSR decisions. • Employees influence the CSR decision directly by encouraging the owner-manager to participate more in CSR activities, or indirectly as the owner-manager aims to boost employee motivation.

7.2.1 The role of managerial values on CSR engagement

In SME context, the findings confirmed that the religious and ethical values of owner-managers play a significant role in SMEs' business life in general and CSR decisions in particular. This implies that social values are among the top business priorities of SMEs. Religious factors received a stronger emphasis in the case of Saudi SMEs to the extent that it was argued that business success is positively linked with adherence to Islamic values. Further, unlike SMEs in other geographical contexts, the enlightened self-interest priority was the most presented theme that influences managerial values in the Saudi SME context. Hence, Saudi SMEs might be considered as socially active firms according to Spence and Rutherfoord's (2000) framework. However, the evidence from this study indicates that SMEs are not necessarily committed to one priority over another. Social priority is seen as a parallel to profit priority, at times, but a mix of both was the common scenario, suggesting that SMEs are more dynamic and fluid in the way they cope with multiple, and not necessarily all compatible, values or objectives. Therefore, policymakers may need to appreciate the diverse, complex, and dynamic nature of SMEs. This may require them to adopt various policy approaches to stimulate CSR engagement

among SMEs. SME managers may also find it useful to comprehend their economic and social priorities, which would potentially guide them to think constructively and strategically about their business relationship with society.

7.2.2 Awareness and conceptions of CSR

Both SME owner-managers and government officials showed moderate familiarity with the term CSR, which is similar to the findings of other studies conducted in the Saudi context irrespective of size, sector, and location, implying that CSR is still an emerging concept in the country. Although the participants' interpretation of the concept varied widely, CSR is largely perceived as a philanthropic contribution, rather than being a broad concept that addresses multiple dimensions, i.e. economic, social, ethical and environmental. However, there was a high level of convergence among SME owner-managers in terms of viewing economic responsibilities as a significant element of CSR, reflecting other SMEs' perceptions in different geographical contexts.

While these findings reinforce Carroll's (1991) CSR pyramid in terms of keeping economic responsibilities as a foundation and broadly support Visser's (2008) CSR pyramid of developing countries in terms of giving philanthropic responsibilities the second emphasis, in the Saudi SME context, legal responsibilities was given the lowest priority, possibly because Saudi SMEs just accepted abiding by the law as a 'given' and therefore was not something that they are conscious about having any choice over or making any specific effort towards; or it may be due to the poor legal infrastructure as in many developing countries where promotion of good conduct is lacking.

In conclusion, although Saudi SMEs seemed to be similar to other SMEs in different contexts in terms of the implicit practice of CSR with a greater degree of informality, and without reference to a particular term, they may seem to contrast with other SMEs in the Anglo-Saxon context as Saudi SMEs were not uncomfortable with the use of the notion 'CSR' for SMEs.

7.2.3 Significant contextual factors and their implications for CSR engagement

7.2.3.1 Islamic values

Business in KSA is generally influenced by the religious factor as indicated in other studies. This impact is even greater for SMEs, being inspired by Islamic values in their understanding and practice of CSR. Both philanthropy and ethics were synonyms to/ or

part of Islamic principles. The findings also reinforce the idea that Islamic principles are wider in scope than many CSR standards by supplying a total code of life, covering every aspect of Muslim life, including worship, economic, and social activities. They are also concerned with improving human capital, preserving the environment, protecting human rights, determining what is permitted and prohibited in business transactions, and stressing accountability. However, religion seemed to be a lesser driver for the government officials compared to the self-reporting of SMEs. It is possible that the recent government orientation, which is trying to curb the power of the hard-line clerics and introducing a more moderate Islam, has affected the opinion of government officials, who were possibly trying to disconnect the state from the community norms.

7.2.3.2 Government regulations, education, social media, and MNCs

The government and its regulations were a common theme that influences the business behaviour in KSA including CSR related issues. The same goes for education, social media, and MNCs. It was obvious that there is rapid movement in terms of regulatory changes, which have more effect on SMEs given their struggling nature to survive commercially. This movement was explained by the government representatives as necessary efforts to create a healthy and sustainable market. However, the government may need to be aware that over-regulation is as risky as under-regulation, especially in the case of SMEs. This might be already in place in KSA as Monshaat was established recently to function as a facilitator for SMEs in terms of improving the regulatory system for the SME sector. What might need to be exploited by Monshaat is to focus on promoting young entrepreneurs who showed in this study, as other previous studies (Grayson and Dodd 2007), that they are more resilient and adaptive to new regulations including CSR legislation. This might be due to the growing trend towards developing more social and environmental awareness in today's education system as pointed out by a few participants, despite the common agreement by both SME owner-managers and government officials on the inadequacy of the education system in terms of increasing CSR awareness in schools. This may give a little sign of the greater attention paid by the Saudi Vision 2030 to improve education in terms of encouraging CSR relevant attitudes in local schools. However, it might be too early to provide conclusive evidence on the outcomes of the vision's educational reforms.

The power of social media is gaining momentum as suggested in this study. It has become a key platform to distribute the CSR message in the country. However, there is a lack of a systematic media approach to CSR by different actors, including government agencies

and NGOs. There is also a common scepticism about media CSR campaigns, which are viewed as inauthentic, perhaps due to poor implementation, leading to adverse impacts and stakeholder disengagement, especially in a society where boastful CSR communication is culturally discouraged.

The results also revealed that MNCs can play some role in encouraging CSR practices among Saudi SMEs. MNCs may need to consider the tension between global CSR standards and the local expectations by combining a global approach with a locally customised 'glocal' approach that would enable them to maintain their global image while developing a local CSR agenda in the host country. MNCs can also use the religious factor to their advantage by lobbying the state to advocate for less powerful stakeholders, who may appreciate this as an Islamic duty towards society.

7.2.4 CSR practices, management, and reporting

CSR's nature and management among Saudi SMEs mostly follows the same patterns of other SMEs in different contexts. SMEs perceive that they are socially responsible simply by being profitable, implying that good economic performance per se is a significant CSR contribution through job creation and improving the overall economy of the country. CSR practices are substantially directed internally with a great focus on employees, followed by philanthropic activities towards the local community, and less emphasis on environmental activities which largely result from a growing pressure from the government to achieve a higher level of environmental standards. As in other SMEs in different contexts, philanthropic initiatives are more informal, follow an ad hoc approach, and are based on the owner-manager's discretion. However, Saudi SMEs had more of a strategic approach to the CSR agenda than being only engaged in responsive activities, with more activities channelled towards transforming the value-chain social impact, and fewer CSR activities carried out to improve the competitive context, which could be explained by the lack of adequate resources that restrict SMEs from investing more in their competitive context.

The resource limitations may also explain the absence of a dedicated department, budget, and public reporting for CSR activities. These activities were usually managed by the owner-manager in the case of philanthropy, and, in other cases, across other departments depending on the type of activity. This may reinforce the idea that CSR in SMEs needs a special approach that considers the informal and entrepreneurial nature of SMEs instead

of demanding them to adopt formal CSR procedures and reporting, which might discourage them from actively embracing CSR.

7.2.5 CSR motivations, benefits, and challenges

7.2.5.1 CSR motivations

As in other SMEs in different contexts, CSR motivation is largely based on both altruistic and economic drivers with more emphasis on personal values. Religious values are what is distinctive about Saudi SMEs, leading them to particularly engage with philanthropic causes. Generally, CSR motivations were mainly focused on internal drivers, e.g. personal satisfaction, an obligation to society, motivating staff, but also include external drivers such as institutional pressure and meeting customers' expectations. In other words, there is a sense of fast and slow 'currents' combining to pull SMEs in KSA towards CSR. The slow (but perhaps deep) currents include the longstanding precepts of Islamic teaching and the practical benefits of things like investing in people, while the faster and perhaps more turbulent currents are external factors like government interventions and the recent emergence of advice, education and general discourse that focus on CSR.

7.2.5.2 CSR benefits

Most CSR benefits identified in this study are common for all contexts regardless of the size, location, and industry. Business benefits were mostly intangible, e.g. increased reputation, increased employee motivation, and gaining customer loyalty. Few tangible benefits were recognised such as cost-saving and improved efficiency, but without measuring any potential outcomes. What distinguished Saudi SMEs is the addition of the spiritual dimension as a CSR benefit in terms of God's rewards in the afterlife as well as God's blessing on the business as a shared value between worldly and spiritual benefits.

7.2.5.3 CSR challenges

Several internal and external CSR challenges were identified in this research, most of which are shared within the KSA context, e.g. lack of CSR knowledge, social and cultural attributes, and lack of institutional support and pressure, while time and money constraints are context-specific for the SME sector. Similar CSR challenges were recognised in the supplementary findings, particularly the lack of CSR incentives and the communication gap between the government and the SME sector. It could be argued that addressing the communication issue could resolve many other issues including CSR

knowledge, incentives, and regulations. Given the strong religious contextual factor, the government may need to revise the Zakat regulations since it is viewed as a significant channel for philanthropy. There might be opportunities to consider how religious community members might be utilised to spread CSR awareness and knowledge among SME owner-managers as well as society.

7.2.6 Significant stakeholders and their implications for CSR engagement

Consistent with other SME contexts, owners, employees, and customers are among the salient stakeholders. Owners or shareholders are considered a significant stakeholder for SMEs due to their direct influence on CSR decisions, although they were not referred to as one of the beneficiaries of CSR. Primary importance is given to employees as they, directly and indirectly, influence CSR decisions, while customers were also of paramount importance especially when it comes to stated behaviour, implying the tendency of SMEs to follow a strategic and formal approach despite their characteristics, which compel them to maintain a stronger devotion to their employees.

In the context of Saudi SMEs, God was implied as a definitive stakeholder who inspires the business decisions, including for CSR, of owner-managers. This may provide a greater meaning to owner-managers and employees in terms of considering work as an integral part of one's life, encouraging them to broaden the social responsibility of the firm by giving less weight to short-term gains, while placing more emphasis on the consequences of the business in the area where it operates. This particular finding might be extended to include SME contexts that believe in God as a supreme entity, i.e. other Muslim majority countries.

7.3 Contribution of the research

CSR research in SMEs has been limited for developing countries, particularly for KSA. Very few qualitative studies were found to address the influence of contextual factors on the CSR understanding and practices of SMEs within developing countries and, as far as the researcher is aware, none have been conducted in the context of KSA. Therefore, this research contributes to the CSR literature by providing an early investigation into Saudi SMEs' CSR understanding and practices from a managerial perspective. While the empirical effort in this research suggests a need for further future research, it does make original contributions to CSR knowledge on theoretical, methodological, practical, and policy levels. These contributions are highlighted below.

On a theoretical level, due to the dearth of literature on CSR in the context of KSA, the current research attempted to fill this gap by systematically reviewing most of the CSR studies conducted in KSA. It did this by examining the major areas pertaining to evolution, awareness and perceptions, practice and management of CSR in the country. This review demonstrated an apparent gap in the role of SMEs for addressing CSR opportunities in KSA. In this way, the current research is perhaps the first of its kind to critically evaluate CSR perceptions, practices, motivations and challenges, along with the factors that shape CSR behaviour within the SME sector. The significant role relationships play in SME development has encouraged the researcher to examine CSR behaviour of SMEs by employing a theoretical lens that can explain such behaviour. Stakeholder theory was identified as a comprehensive tool that can help to shed light on the distinctiveness of SMEs with regard to CSR. The research findings suggest that CSR behaviour in SMEs not only follows the basic tenets of stakeholder theory, but also goes beyond the common understanding of the theory by including a spiritual entity, i.e. God, who possesses all three attributes (power, legitimacy, and urgency) of Mitchell's et al. (1997) stakeholder salience model, making God a highly salient stakeholder in the context of Saudi SMEs. Further, this study is one of the first to employ Western frameworks (Spence and Rutherfoord's (2000) social perspective frames; Dahlsrud's (2008) CSR dimensions model; and Carroll's (1991) CSR pyramid) to analyse managerial values and CSR perceptions in SMEs in the Saudi context. Accordingly, both SME owner-managers and policymakers can set their priorities in relation to a CSR agenda. This research has also developed a conceptual framework illustrating that CSR benefits for Saudi SMEs are not merely worldly benefits but extend to include spiritual benefits, which are sometimes a greater motivation for owner-managers to engage more in the CSR agenda.

On a methodological level, the study employed a qualitative research design using semi-structured interviews that enabled a deeper understanding of the CSR phenomenon from various perspectives of social actors who form the current CSR perceptions and practices, providing a groundwork for future CSR and SME research in the Saudi context. This study, therefore, contributes methodologically by implementing an interpretive lens to capture how and why owner-managers construct their own idea about CSR and how they apply this idea in their social world.

On a contextual level, this study is one of the first to unpack the CSR dynamics of Saudi SMEs. The unique nature of KSA adds new and different insights into the general debates on CSR. Hence, this study provides an original contribution to CSR knowledge by looking into how CSR is manifested in the context of KSA. This work indicates that the CSR phenomenon is certainly context-sensitive as it is shaped by multiple factors, depicted in Table 5.7, some of which are different from those of developed countries, e.g. a strong Islamic culture. This thesis suggests that religion has a potential (but perhaps currently under-exploited) role to play in the implementation and the development of CSR in KSA. Hence, there might be an opportunity to consider how religious community members might be utilised to spread CSR awareness and knowledge during congregational prayers and religious ceremonies. For example, the weekly Friday sermon, one of the most important Islamic rituals, could be an effective platform for promoting CSR and increasing its knowledge and awareness, not only to SMEs managers but to society at large. Errihani (2011, p. 381) asserts that the Friday sermon *'has been a useful public forum for channelling religious, political and social announcements that impacts on the way members of the congregation conduct themselves on a day-to-day basis. The Friday sermon is thus concerned with the discursive practices in the everyday lives of Muslims and what is at stake in the Muslim community. As such, it is a rhetorical discourse par excellence, for its aim is to reform through persuasion that eventually leads to action'*. As the findings also highlights, there is an obvious opportunity for external agencies, e.g. NGOs, civic groups, and charity organisations, to channel their efforts towards SMEs, placing legitimacy demands on them to be more active in CSR. MNCs also can play a key role in promoting CSR in SMEs by sharing the costs associated with CSR standards and adopting a more 'glocal' approach that can fit with local conditions and demands.

On a practical and policy level, this work fills the void between academic discourse, practitioners' actions, and policymakers' decisions by providing a comprehensive

evaluation of CSR behaviour within Saudi SMEs. This contributes to practice by providing an insight into the basic understandings and practices of CSR among SMEs, the main drivers that motivate them to participate in CSR, and the challenges they experience in performing CSR. Such insight has the potential to guide SMEs on how to take their CSR involvement further than mere philanthropy and effectively engage in CSR good practices to achieve sustainable development.

On the policy level, the outcomes imply that effective engagement of Saudi SMEs in the CSR agenda would offer a contribution towards meeting challenges linked to unemployment, economic recession, and environmental problems. Therefore, mainstreaming CSR approaches and activities in SMEs is probably crucial to successfully organise SMEs' CSR activities that address local social and environmental issues. In doing so, as suggested in this thesis, policymakers may need to appreciate the philanthropic nature of SMEs, which stems from the strong religious culture prevailing in the Saudi context. It is hoped that this study has succeeded in shedding light on the relationship dynamics between owner-managers and their various stakeholders, which could inform policymakers to effectively plan and implement CSR rules that best fit the SME sector. Further, the findings showed that owner-managers were keen to improve their CSR participation, but they are lacking expertise in this area. Therefore, there is an opportunity for policymakers to educate and guide SMEs to identify the fields in which they can provide a greater positive impact on social development. In order to promote a culture of CSR within the SME sector, CSR may need to be conceived as a national obligation. Policymakers may need to take initiatives aiming to increase awareness and knowledge among SMEs about CSR and its potential benefits for both business and society. Soft laws, as well as binding laws, should be aligned to optimise CSR practices in the SME sector. For example, introducing or reviewing a tax incentives scheme for CSR can reduce the financial burden for SMEs, thus encouraging them to increase their CSR participation.

As the focus of qualitative research is on "analytical generalisability" (Yin 2018), it can be argued that the outcomes of the current study may be considered transferable to other developing countries' contexts as it enables scholars to identify similarities to contexts of interest to them. Hence, they can develop the foundations for further research directions in CSR in developing countries. This thesis attained these objectives by presenting rich insights of the particular settings shaping CSR understanding and practices and their implications in the Saudi context. It also explains the dynamic relationship between SMEs

and their stakeholders in terms of their impact and implications on CSR engagement. In this regard, Lincoln and Guba (1985) assert that transferability of a specific research can be improved by offering a rich description of the context of the study, so that other scholars are able transfer the findings to their own contextual settings. This view applies to the current study as both the core and supplementary findings chapters (Chapter 5 and 6) are clearly presented in a logical manner, providing a narrative of the contextual conditions that characterise KSA and shape the dynamics of CSR within it. The discussion sections in these chapters also provide frameworks that can be employed, by both academics and practitioners, to explain the CSR behaviour of SMEs and uncover further issues, not only in the Saudi context, but also in other developing countries that share similar peculiarities and characteristics, e.g. high level of religiosity, lack of active engagement of civil society, and lack of economic diversification.

7.4 Limitations

While this study has made significant contributions to the CSR literature pertaining to SMEs in developing countries, it also has some limitations that need to be underlined. This would be helpful to set directions for future research. Some prior limitations with regard to SDR and sampling were previously discussed in sections 4.3.3.2 and 5.2.1. Other limitations will be discussed here.

Additional limitations involve time and money constraints, which compelled the researcher to limit the fieldwork to the Western Province of KSA to be resource-efficient. It would have been ideal to include other major cities, e.g. Riyadh and Dammam. Nonetheless, KSA is a homogeneous country in terms of culture, religion, and governance, allowing an adequate degree of generalisability of the research findings.

Despite all efforts made to include an equal range of business sectors within the sample, there might be some sampling biases as the response rate varied among industries where the service sector represents two-thirds of the total sample and manufacturing was one-third only. Similarly, some SMEs were not interested in participating, possibly because they were busy pursuing profit, affecting the findings in terms of managerial values.

Another limitation stems from the study being conducted only from the perspectives of SME owner-managers and government representatives. Thus, this research did not examine other stakeholder groups (such as employees or local community members), which might play a key role in shaping the CSR agenda in the SME sector.

Finally, since this study was context-specific, this might, to some extent, limit the transferability of the results to other neighbouring countries, e.g. other GCC and Arab countries. However, the findings may provide some useful insights for developing countries that share similar contextual factors.

7.5 Directions for future research

The above limitations provide some opportunities for future research directions. One research opportunity is to widen the sampling selection by including stakeholders with whom SMEs are in a direct relationship, e.g. employees, customers, and suppliers. The views of those stakeholders can be compared and contrasted with the current study, thus enhancing knowledge by providing a more comprehensive insight into CSR conceptions, practices, and the overall impact on the business-society relationship in the Saudi SME context. Further, although this study did not tend to be deliberately biased towards more male respondents, female participants were significantly less than their male counterparts, mainly because KSA is known for its male-dominant entrepreneurs. However, as the number of female entrepreneurs in KSA has rapidly increased recently, it would be worthwhile to extend the sample to include more female entrepreneurs, given that the female participants in this study, however few, had a substantial input and extensive information about the research topic.

Another research avenue that deserves further investigation would involve conducting a cross-sectional study by comparing and contrasting CSR understanding and practices among different industries within the SME sector.

As this study reviewed limited reports related to CSR in KSA, e.g. SAGIA 2008, Boone et al. 2009, Tamkeen 2010, CSR Saudi Arabia 2014, Saudi Vision 2030 2016, UNDP 2018, and the selection criteria of the SLR in this work included only peer-reviewed journals that are published in English, it may be useful to review grey literature reports on CSR in KSA both in English and Arabic. Such reports may provide different perspectives on CSR dynamics in KSA and could explain some issues that academic articles highlighted such as the passive role of NGOs and pressure groups in promoting CSR in SMEs

Additionally, this study can be reproduced in other developing countries that share similar contextual dynamics. This would allow for cross-cultural comparison between this study and other contexts, hence further valuable insights and specifics can be identified. This

would eventually contribute to the knowledge about the CSR of SMEs in developing countries, and in Middle Eastern countries in particular.

As this study employed a qualitative research design, there is an opportunity for positivist researchers to build on the findings of this research and test them further by conducting a survey among a large sample of Saudi SMEs, or even other similar contexts. That would improve the validity and reliability of the findings offered by this study.

Further, the findings highlight that there is a positive influence from international scholarship and young entrepreneurs on CSR perceptions and practices. This suggests that there is scope for further research into the impact of the international scholarship programme and young entrepreneurs on increasing CSR awareness in the country.

Moreover, this research examined several interrelated CSR topics namely; perceptions, practices, drivers, and challenges, that are influenced by a number of contextual factors (e.g. Islamic values, government, education, and MNCs). Future research might usefully be able to focus on one of these factors and dig deeper into their influence to provide further explanation about the CSR phenomenon among SMEs in the Saudi context.

In terms of exploiting the research conducted in the process of developing this thesis, the researcher intends to publish: one paper with a focus on the core findings (with a potential target of the Journal of Business Ethics); one paper based around the SLR (with a potential target of Journal of Small Business Management); and one further developing the themes of the influence of spirituality and religiosity in the development of CSR in Saudi SMEs (with a potential target of the Journal of Management, Spirituality & Religion).

7.6 Personal reflections

The story of my PhD journey started earlier than the programme start date. Looking back to my previous career, which was mostly technical and in the engineering field, I was just hoping to complete an MBA degree as the highest of my academic ambitions to fast-track my career. During the MBA, I came across an appealing course about sustainability. I thought that this subject is about how to sustain, i.e. maintain, your business, but it struck me that the topic was far broader and included concepts I had never heard of such as sustainable development, CSR, and stakeholder management, although I was occupying a middle management position in a medium-sized manufacturing company. The course changed my perception about how CSR can help businesses to be successful without compromising stakeholder interest. Additionally, I realised that CSR is not just philanthropy, but it can be financially rewarding if it is integrated strategically into the core business. This sparked my curiosity and changed my perspective about the research field, and I thought that pursuing a PhD would be mutually beneficial for me, i.e. better career prospects, and for my country (KSA), i.e. filling a knowledge gap in a significant field.

Despite some objections from family and friends, who were sceptical about this drastic change in my career path, I felt that I can still push myself out of my comfort zone and take up this new challenge. Admittedly, it was a brave decision; thanks then to my wife, who is a PhD graduate, for her support, assuring me that I have the competence to pursue this challenge.

The dearth of research in KSA has had both positive and negative impacts on me as an early researcher. Most research topics were under-researched, thus it was easy to pick one, but that created great confusion as to which topic is most interesting, given that I would spend four years of my life on it, and was drawn by both public and private sectors. After careful consideration, I chose to do my research on CSR in KSA because the country is witnessing unprecedented economic and social change at all levels. Another determinant for choosing the subject of study was the access issue. It is challenging for researchers to gain access to data in KSA, unless they have a 'gate opener', i.e. someone who already has links, and is recognised by the business community (Emtairah et al. 2009). The government sponsorship of my PhD and my previous affiliation with the private sector enabled me to gain access to both the public and private sectors. Eventually, with the consultation of my supervisor, I decided to explore CSR dynamics in the Saudi private sector, but I had not yet determined which type of private firms I would focus on.

I can divide this journey into three significant milestones. The first was the stage of reviewing the literature and writing in parallel. Despite the confusion and frustration resulting from searching multiple databases for relevant materials, I realised that many research skills will be learned by doing. Another issue that caused me mixed feelings was the great disparity between the West and KSA in terms of the amount of literature available in both contexts. I felt sad for our lagging behind in the research field but simultaneously delighted as my research outcomes would have the potential to fill some knowledge gaps in the KSA context. Near the end of the literature review phase, my supervisor and I agreed to focus on CSR behaviour in the SME sector due to its potential role in the current and future economic and social development in KSA.

The next milestone was actually doing the research and gathering the data. Although this PhD programme included research methods training, I was somehow uncomfortable with the research paradigm selected for this research. Surely, subjectivism was not my cup of tea as my previous area of expertise was more objective. However, in order to make this piece of work a unique one, I had to wear the suit of an interpretivist. It was a challenging task, but I was lucky to have a supervisor who is an expert in qualitative research. His support and guidance helped me to develop the confidence and competence to carry out this task successfully. Yet, I had to take one major step on my own, which was gaining access and conducting interviews. This time, I combined my previous work practical skills, i.e. communication and troubleshooting, with theoretical research skills I acquired through reading. This proved to be effective as it helped me navigate through many alternatives to obtain the required data. Two notable observations have changed my perspective during this process. First, it is evident to me that face-to-face interviews may be the best way to grab the full attention of participants in KSA and thus collect rich data, especially if the 'gate opener' is a friend or relative of participants. Indeed, 'Wasta' which means 'nepotism' or having connections is highly effective in the Saudi context. Second, the abundance of views and the rich insights gained from participants convinced me that there is no absolute truth in the social world, no black or white, but rather many shades of grey. Despite my fears and doubts at the beginning, I believe I made the right choice by using a qualitative approach to achieve the research goals.

The last milestone was the data analysis and writing up phase, which in the beginning was time-consuming, boring at times, and a little 'messy'. Data analysis was the most painful and simultaneously rewarding stage in this journey. I was frightened by the substantial amount of collected information, trying to get my head around it to draw

insightful meanings. However, learning by doing as a strategy proved to be useful as I started to be able to identify, organise, and report significant themes found within the data set. This was the exciting moment when I began to reap what I have been sowing for four years. In fact, the analysis produced a range of findings, some of which might not be very relevant to this study but would be quite interesting for different research questions. I was actually tempted to alter my research question to further explore those areas, but it was too late, and I would need to start all over again. An example of these findings is the impact of expatriates on sustainable development in the country, given their substantial population percentage, yet having no right for settlement causing them to be less concerned with the economic and social improvement of their host country. The writing up phase was more of a rewriting the whole thesis again but this time with more confidence and better quality compared to the first couple of years' writing, all thanks to my supervisor who encouraged me to strive not only to improve my writing style but also to enhance my critical thinking and analytical skills.

On a personal level, the experience of studying abroad using a foreign language was a bit challenging but also rewarding. In terms of work-life balance, the first two years were somehow manageable as my wife and two kids were living with me. Year three was a bit chaotic with the arrival of our new baby, causing a delay in PhD progress, thus affecting my morale. The next year my wife had to resume work and return home with the kids. It was hard to see my family leave but also released some pressure, allowing me to focus on my PhD and progress faster. Overall, the collective experience I gained through this journey has been quite fulfilling and rewarding.

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Appendix A

List of Interview Questions

Research Question (RQ)	Interview Questions (IQ)
RQ1. What are the business values of SMEs' owner-managers; and how do these values influence firm engagement in CSR activities?	**IQ1. What are the values that motivate you to run your business? Or what are the reasons that drive you to be in this business?** Probing questions: • What are your top goals (priorities) that you are aiming to achieve out of this business? **IQ2. How do you integrate these values into your business activities?** Probing questions: • How do you think these values can be achieved?
RQ2. What is Saudi SMEs' conception of their role in society and what are their social priorities?	**IQ3. What do you think about the role (contribution) of your business (the economic, social and environmental role) in improving society-wellbeing?** **IQ4. Do you use specific term that refers to this contribution?** **IQ5. Is the term Corporate Social Responsibility (CSR) familiar to you? What does it mean to you?** **IQ6. What are your current priorities in relation to (your firm's social contribution) or (the role of your firm in society)?**
RQ3. What are the significant contextual factors that influence SMEs' CSR engagement? RQ4. What is the nature and extent of that influence; and what are the implications for that influence?	**IQ7. What factors in broader society, beyond your competitive environment, may influence your interest in or engagement with CSR?** Probing questions: • What is your view about government regulations in regard to social, economic and environment development? • How do you describe the education development in the country? • Do you deal with any international company? Can you explain the nature of this relationship? • What is your view about media currently? • How easy is it to get an access to information and to other markets nowadays? • What do you think about the current industrialisation level and technological advancement in the country?

	• how do you think Islamic values have an influence on your business activities? • What types of social activities do you consider to be related to Islamic values? Could you give me an example of that in practice? **IQ8. How can these factors influence your engagement in CSR?** Probing questions: • Do they influence your CSR decisions positively or negatively? Why? **IQ9. Which factors do you think would encourage you to engage more in CSR activities? How?**
RQ5. What are Saudi SMEs doing in the area of CSR; and how do they manage CSR activities?	**IQ10. What is your firm doing in relation to CSR?** Probing questions: • What activities that your firm undertakes would you view as demonstrating a sense of CSR? • To what extent would you say that concerns about CSR influence the day-to-day running of the business? **IQ11. How CSR is managed in your firm?** Probing questions: • Who is managing CSR activities in your firm? Is there an allocated budget for CSR? • Do you follow any particular strategy or program in relation to CSR? Do you report your CSR procedures and achievements? • Is your firm accredited with any quality management standard? What are they?
RQ6. What motivates Saudi SMEs to engage in CSR activities; and are they strategically or morally motivated? RQ7. What are the benefits that Saudi SMEs would gain through their engagement in CSR activities? RQ8. What are the perceived challenges that may hinder Saudi SMEs to engage in CSR activities?	**IQ12. What do you consider to be the main reasons for your firm to engage in CSR activities?** **IQ13. In your opinion, what are the benefits your firm may gain by engaging further in CSR activities? (either new activities or extended existing activities). Past benefits from existing initiatives, and expected benefits from future or extended initiatives.** **IQ14. What are the challenges your firm is facing to engage in CSR activities?** **IQ15. How can you overcome these challenges?**

RQ9. Which stakeholders are significant to Saudi SMEs in relation to CSR; and to what extent? RQ10. How do Saudi SMEs manage the CSR expectations of their stakeholders?	**IQ16. Can you tell me about your relationship with your business stakeholders? (Stakeholders are those with interest in the business including (but not limited to) investors, customers, employee, supplier)?** Probing questions: • Which stakeholders are significant to your firm? Why? • Do you think that your firm's stakeholders influence your CSR engagement? How? And to what extent? **IQ17. How do you manage your stakeholders CSR expectations?**

Appendix B

Participant Information Sheet

Research Title:	An Exploration of Corporate Social Responsibility amongst Small and Medium Sized Enterprises (SMEs) in Saudi Arabia.
Name and Status of Researcher:	Adel Saleh, PhD Researcher, Cardiff University, Cardiff Business School.
Contact Information:	Email : salehaa@cardiff.ac.uk UK Mobile : +44 7910655035. KSA Mobile: +966 553605055.
Supervisor:	Prof Ken Peattie. Email: Peattie@cf.ac.uk Tel: +44 02920 879691.

Invitation Paragraph

I would like to ask you kindly to participate in this investigation. But first, you will need to understand why such a study is being conducted and what it would involve for you. If you find anything you've read is not clear enough or you would like extra information, please feel free to ask any questions you want. After that, please take your time to make your decision about whether you will or will not participate.

What is the purpose of the study?

This is a PhD research study to investigate the role Saudi Small and Medium Sized Enterprises (SMEs) in society; the factors that influence their socially oriented decisions; the motivations, benefits and challenges for them to engage in any socially oriented activities; the nature of those activities; and other similar issues.

Why have I been chosen?

I am asking you to participate in this research because I believe that you might be able to provide me with rich information regarding your perspectives of Corporate Social Responsibility (CSR) and the role played by your firm in society. Each interview will take about minutes at most. The interview will take place in an agreed location that is considered appropriate for both the participants and the researcher. The interview will be audio recorded and a transcript will be produced for analysis purposes, and interviewees will be presented with a copy of transcript to give the opportunity to correct any factual errors.

Do I have to participate?

Participation is always voluntary, and it is entirely up to you to choose whether you will or will not participate. I will make sure I describe everything regarding this investigation in this information sheet, which you can keep with you. If you agree, I will request you to kindly sign a form that confirms you are happy to take part in this research. (Please refer to the informed consent form).

Will my participation in the research be kept confidential?

The data will be handled in accordance with the Data Protection Act (1998). The audio recordings and transcripts will be securely stored and accessible only to the researcher. It is a commitment of the research that participants' personal information will be kept secure throughout the creation of the research report or presentation. This implies that researchers won't uncover any such data to the general population. Every single real name of participants and their institutes will be fake names, and no personal data will be presented.

What are the benefits of participating in this research?

The researcher cannot guarantee or be responsible for any improvements that take place at your business. However, the research results will hopefully help you to gain a greater insight on the current CSR good practices within SMEs in Saudi Arabia, and inform you about the opportunities and benefits that your business and society may gain through engaging in CSR activities. Further, the outcomes of the research can be used to better inform government policy in terms of supporting SMEs in developing CSR strategies.

Are there any risks from participating in this research?

No. There are no risks from participating in this research.

After the study starts, can I change my mind?

Yes. You can pull back at any time without the need to justify it; and of course, this will not affect the respect you are shown.

What if I have a problem?

If you have any problem or complaints about anything in this study, you are more than welcome to speak to the researcher or his supervisors.

What will happen to the results of the research study?

Participants ought to know that their information will be analysed and published in the form of a research study and will also possibly be used for related publications and presentations. Participants will have the opportunity to review their own transcriptions. Also, after finishing the whole study, the last report will be accessible to the participant, which they can ask for from me. Finally, all recorded material related to the study will be destroyed carefully after the associated publication is finished.

معلومات للمشاركين في البحث

عنوان البحث	المسؤولية الاجتماعية للمنشآت الصغيرة والمتوسطة في المملكة العربية السعودية
إسم الباحث وحالته الأكاديمية	عادل صالح طالب دكتوراه جامعة كارديف كلية كارديف لإدارة الاعمال
معلومات الإتصال	البريد الإلكتروني: salehaa@cardiff.ac.uk الجوال البريطاني:.7910655035 44+ الجوال السعودي: 553605055 966+
المشرفة	البروفيسور كين بيتي البريد الإلكتروني: Peattie@cf.ac.uk الهاتف: +44 02920 879691

الدعوة (طلب المشاركة)

أود أن أطلب منكم التفضل بالمشاركة في هذه الدراسة. قبل اتخاذ القرار بالمشاركة تحتاج إلى فهم أهمية الدراسة واهمية مشاركتك فيها. يرجى أن تأخذ وقتك لقراءة المعلومات التالية بعناية. في حال، عدم فهمك لأي من المعلومات المرفقة لا تتردد في طرح أي سؤال. بعد ذلك أرجو منك ان تفكر جيداً في إتخاذ القرار ما إذا كنت ترغب في المشاركة او لا.

الغرض من إجراء الدراسة

هذه الدراسة سيتم إجراءها كمتطلب لنيل درجة الدكتوراه وتهدف إلى التحقيق في دور الشركات الصغيرة والمتوسطة في المجتمع والعوامل التي تؤثر على قراراتهم ذات التوجه الاجتماعي؛ والدوافع والفوائد والتحديات التي تواجههم في الانخراط في أي أنشطة ذات توجه اجتماعي؛ طبيعة تلك الأنشطة؛ وغيرها من القضايا المماثلة.

لماذا تم اختيارك؟

أطلب منك أن تشارك في هذا البحث من أجل إجراء مقابلة شخصية معك، لأنني أؤمن بأنك تمتلك الخبرة الكافية لتزويدي بالمعلومات القيمة فيما يتعلق بموضوع البحث (المسؤولية الاجتماعية للمنشآت الصغيرة والمتوسطة). المقابلة قد تستغرق تقريباً 60 دقيقة كحد أقصى، ويمكن إجراءها في أي مكان يناسب كل من المشارك والباحث، سيتم استخدام تسجيل صوتي أثناء المقابلة لتسجيل كل ما يتم طرحة وسوف يكتب لاحقاً لأغراض التحليل فقط.

هل مشاركتي في هذه الدراسة إلزامي؟

قطعاً لا ...المشاركة هي تطوع دائماً والاختيار مفتوح لك ما إذا كنت سوف تشارك أو لا. سوف يقوم الباحث بتزويد المشاركين بكل المعلومات المطلوبة للمشاركة في هذه الدراسة وذلك عن طريق ورقة المعلومات للمشاركين في البحث

والتي ستعطى لك ويمكنك الاحتفاظ بها إذا أردت. بعد ذلك، في حالة إختيارك المشاركة سيطلب منك التوقيع على استمارة الموافقة كإجراء أساسي في البحث العلمي.

هل سيتم التعامل بسرية مع البيانات التي سأزودكم بها من خلال مشاركتي؟

بكل تأكيد سوف يتم التعامل مع المعلومات بسرية تامة، جميع المقابلات المسجلة والمكتوبة سيتم حفظها وتخزينها في مكان سري لن يتمكن أي شخص عدا الباحث من الوصول إليها. حيث أن خصوصية المشاركين هي شرط ضروري يجب مراعاته أثناء إجراء البحث وعند كتابة النتائج النهائية. السرية في أخلاقيات البحث تعني ذلك أن الباحث لن يكشف أي معلومات تخص المشتركين في البحث للعامة. جميع أسماء المشاركين وأسماء المنشآت سيتم إستبدالها برموز بالإضافة إلى أن جميع المعلومات الشخصية التي تخص المشاركين في البحث سيتم إستبعادها.

ماهي فوائد المشاركة في هذه الدراسة؟

لا يضمن الباحث لكم حدوث أي تحسينات لأداء المنشآت كنتيجة لهذه الدراسة من خلال البيانات التي تم الحصول عليها من المشاركين في هذه الدراسة. مع ذلك، من المؤمل أن تساعدك نتائج البحث على اكتساب المزيد من المعرفة حول الممارسات الجيدة الحالية للمسؤولية الاجتماعية للشركات داخل المنشآت الصغيرة والمتوسطة في المملكة العربية السعودية، وإفادتكم بالفرص والفوائد التي يمكن أن يحققها عملك والمجتمع من خلال الانخراط في أنشطة المسؤولية الاجتماعية للشركات. علاوة على ذلك، يمكن استخدام نتائج البحث لتحسين سياسة الحكومة من حيث دعم المنشآت الصغيرة والمتوسطة في وضع استراتيجيات المسؤولية الاجتماعية للشركات.

هل هناك أخطار محتملة من خلال مشاركتي في هذا البحث؟

قطعاً لا ليس هناك اي خطر متوقع حدوثه من خلال مشاركتك في هذه الدراسة.

بعد بدء الدراسة، هل من الممكن الاعتذار عن إكمال المشاركة؟

بالتأكيد نعم لك حرية الاختيار في الاعتذار عن استكمال المشاركة في أي وقت دون تبرير ذلك وبالطبع لن يؤثر ذلك عليك بتاتاً.

ماذا لو تسببت هذه الدراسة في وجود إشكالية بالنسبة لي؟

إذا كان لديك أي شكوى أو تعليق يتعلق بهذه الدراسة لا تتردد في التحدث إلى الباحث ومشرفي الباحث.

ماذا سيحدث لنتائج هذه الدراسة؟

يجب أن يكون المشاركون على علم بأن بياناتهم سيتم تحليلها ونشرها كجزء من الدراسة (رسالة الدكتوراه)، كما يحتمل أن تنشر في المجلات العلمية التي تهتم بموضوع الدراسة. وستتاح للمشاركين الفرصة لمراجعة تسجيل المقابلة الخاص بهم إضافة الى مراجعة تقرير النتائج النهائي والذي يمكن طلبه من الباحث. أخيراً، سيتم التخلص من جميع المواد المسجلة عند الانتهاء من الدراسة، على وجه التحديد، بعد نشر الدراسة.

Appendix C

CARDIFF BUSINESS SCHOOL

RESEARCH ETHICS

Consent Form

The aim of this research is to explore the role of Small and Medium Sized Enterprises (SMEs) for addressing Corporate Social Responsibility in Saudi Arabia. A case study research design will be applied in this project and semi-structured interviews will be used in this research project.

I understand that my participation in this project will involve answering interview questions about my perspectives on the role of my business in society. The interview will require approximately one (1) hour of my time at most.

I understand that participation in this study is entirely voluntary and that I can withdraw from the study at any time without giving a reason.

I understand that this is an independent research, which will not influence or be influenced by the sponsor of this research.

I understand that I am free to ask any questions at any time. If for any reason I have second thoughts about my participation in this project, I am free to withdraw or discuss my concerns with the researcher's supervisor: Prof Ken Peattie.

I understand that the information provided by me will be recorded and a transcript will be produced, and I will be presented with a copy of transcript to get the opportunity to correct any factual errors.

I understand that the information provided by me will be held confidentially and securely, such that only the researcher can trace this information back to me individually. The information will be anonymised, deleted or destroyed after the completion of the research. I understand that if I withdraw my consent I can ask for the information I have provided to be anonymised/deleted/destroyed in accordance with the Data Protection Act 1998.

I, _____ (*NAME*) consent to participate in the study conducted by Adel Saleh, salehaa@cardiff.ac.uk, PhD Student at Cardiff Business School, Cardiff University, with the supervision of Prof. Ken Peattie, Peattie@cf.ac.uk, Head of Marketing and Strategy at Cardiff Business School, Cardiff University

Signed:

Date:

نموذج الموافقة

الهدف من هذا البحث هو استكشاف دور الشركات الصغيرة والمتوسطة في المسؤولية الاجتماعية للشركات في المملكة العربية السعودية. سيتم استخدام المقابلات شبه المنظمة في هذا المشروع البحثي لجمع البيانات ذات الصلة.

أدرك أن مشاركتي في هذا المشروع سوف تتضمن الإجابة على أسئلة المقابلة حول وجهات نظري حول دور عملي في المجتمع. سوف تتطلب المقابلة حوالي ساعة واحدة من وقتي على الأكثر.

أدرك أن المشاركة في هذه الدراسة طوعية تماما، وأنني أستطيع الانسحاب من الدراسة في أي وقت دون إبداء الأسباب.

أدرك أن هذا بحث مستقل، لن يؤثر أو يتأثر من قبل الممول لهذا البحث.

انا على إدراك كافي بأنني حر في طرح أي أسئلة في أي وقت. إذا كان لدي أي سبب من الأسباب حول مشاركتي في هذا المشروع، أنا حر في الانسحاب من المشاركة أو مناقشة مخاوفي مع المشرف: البروفيسور كين بيتي.

أنا أفهم أن المعلومات التي أقدمها سيتم تسجيلها وسيتم إنتاج نسخة، وسوف تقدم مع نسخة من النص للحصول على فرصة لتصحيح أي أخطاء وقائعية.

إنني أفهم أن المعلومات التي أقدمها سيحتفظ بها بسرية وأمان، بحيث لا يمكن للباحث سوى تتبع هذه المعلومات لي بشكل فردي. سيتم إخفاء المعلومات أو حذفها أو إتلافها بعد الانتهاء من البحث. أنا أفهم أنه إذا سحبت موافقتي، يمكنني أن أسأل عن المعلومات التي قدمتها ليتم إخفاء هويتها / حذفها / إتلافها وفقا لقانون حماية البيانات لعام 1998.

أنا، _____ (الاسم) اوافق على المشاركة في الدراسة التي أجراها عادل صالح، salehaa@cardiff.ac.uk، طالب الدكتوراه في كلية كارديف الأعمال، جامعة كارديف، بإشراف البروفيسور كين بيتي، Peattie@cf.ac، رئيس التسويق والاستراتيجية في كلية كارديف للأعمال، جامعة كارديف.

التوقيع:

التاريخ:

Appendix D

Ethics Approval

Saleh, Adel
Cardiff Business School

06 April 2018

Dear Adel:

Ethics Approval Reference: 1617067
Project Title: An Exploration of Corporate Social Responsibility amongst Small and Medium Sized Enterprises (SMEs) in Saudi Arabia.

I would like to confirm that your project has been granted ethics approval as it has met the review conditions.

Should there be a material change in the methods or circumstances of your project, you would in the first instance need to get in touch with us for re-consideration and further advice on the validity of the approval.

I wish you both the best of luck on the completion of your research project.

Yours sincerely,

Electronic signature via email

Debbie Foster
Chair of the ethics sub-committee
Email: CARBSResearchOffice@cardiff.ac.uk