

A study of corporate social responsibility disclosure practices in Saudi Arabia

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A Study of Corporate Social Responsibility Disclosure Practices in Saudi Arabia

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Abstract

This paper analyses changes in corporate social responsibility (CSR) reporting practices among Saudi listed companies in the past three years. Using content analysis methodology of annual reports, a sample of 174 annual reports representing 58 Saudi listed companies from different sectors were analysed to investigate the extent of the level of CSR disclosure in the years 2010 to 2012. Our paper focuses on trends of CSR information in the four categories: Environment; Employee; Community and Customer. In developing countries, the CSR disclosure studies are limited and in the case of Saudi Arabia. Overall a significant increase in CSR reporting was observed over that period despite the fact that private-sector companies are still in the early stages of awareness as far as integrating CSR activities into their corporate policies and strategies is concerned.

Keywords: Corporate social responsibility disclosures, Content analysis, Annual reports, Saudi Arabia.

1. CSR in the Kingdom of Saudi Arabia

Saudi Arabia, a member of the Gulf Cooperation Council (GCC), has many strong industries such as oil and gas refining; petrochemicals; manufacturing and banking. Though the western view of CSR is relatively new to Saudi businesses and civil society, the concept has rapidly grown to prominence during the last several years, largely because it is a natural part of Islamic practice to give back to the community though this has traditionally been through philanthropy. Increased CSR awareness among key players in the country's economic and social life has prompted private firms to start considering making significant contributions to societal well being as part of doing business. It is important to mention the important role played by the Saudi government in promoting CSR in the kingdom. In 2005, the government established the Saudi Arabian Responsible Competitiveness Index (SARCI), and placed it under the administration of the Saudi General Investment Authority (SAGIA). The initial purpose of the SARCI was to enhance company and country-level competitiveness and place Saudi Arabia among the top ten most competitive nations in the world by 2010. This initiative was dubbed 10 by 10 in implying that the country should be among the first ten nations by the year 2010. Since its inception, the SARCI assesses companies based on how well they apply the principles of responsible business practices. The number of companies that participated in the SARCI during its first year was 40; participation rose to 60 in 2010 (SARCI 2010).

Saudi Arabia is already taking gigantic strides in the direction of CSR. The country is doing a lot in terms of developing human capital and the private sector is increasing participating in this. For example, most large companies in the kingdom offer paid internship to college students as part of their training and are even sponsoring students for overseas studies in a bid to increase the Saudi-to-foreign worker proportion in line with the government's Saudization program. Some engage in free housing and other projects, donations to hospitals and philanthropy.

One of the best indicators of the growing importance of CSR in Saudi Arabia was the event in July 2008 in Saudi Arabia in which there was corporation between a governmental organization and a Saudi semi-private organization; other indicators include the case of an international non-governmental organization that launched Saudi Arabian Responsible Competitiveness Index (SARCI) in January 2009 and the institution of the King Khalid Award for Responsible Competitiveness which awards Saudi companies for CSR performance. CSR is not entirely new to Saudi Arabia, though, as its culture and religion emphasize the doing of social good although this is mainly done through philanthropy.

2. Theories of CSR:

CSR is interpreted in many ways by different authors and theories that attempt to explain what it is are just as diverse. Garriga and Melé (2004) identified four categories of CSR theories namely:

- instrumental theory
- political theory
- integrative theory, and
- ethical theory

Instrumental theory postulates that a corporation is nothing but an instrument for the creation of wealth. Examples of theoretical approaches pertaining to category include Friedman's shareholder theory (Freidman, 1962); the strategic approach advocated by researchers such as Prahalad and Hammond (2002); and the Hart (1995) resource-based approach.

Political theory focuses on the influence that corporations have on the political system of the country or region in which they operate. Proponents of this theory include David (1960) who advocated corporate constitutionalism; and Matten and Crane (2005) who advocated Corporate Citizenship, a theory that seeks to explain why corporations need to act as responsible citizens of the community where they reside and conduct their businesses.

As its name suggests, **integrative theory** promotes the integration of societal concerns and demands into a corporation's business strategies and processes. One of the champions of this

theory was Selznik, who as early as 1957 was already advocating community obligation as a business-success imperative. More recent theorists falling under this category include Jones (1980), with his social obligation approach, and Wood (1991) who argues that corporations must perform well on societal-obligation metrics if they are to succeed.

Last but not least, there is **ethics-based theory**, which advocates ethical responsibilities of corporations towards society. Modern theorists supportive of this school of thought include Hancock (2005) and Pettit (2005) who have made noteworthy contributions to the understanding of CSR in modern times. Also worth mentioning in this category is the normative approach advocated by Epstein (1987) and Smith (2003).

Of the many other theories existing today, three are more widely accepted and are the ones this research will focus on; these are:

- Stakeholder theory.
- Legitimacy theory.

2.1.1 Stakeholder Theory

Given the amount of attention and interest it has been receiving in recent years, particularly in the area of business ethics, stakeholder theory is arguably the most important CSR theory of today. The theory is grounded on paying due attention to the needs, rights and interests of multiple stakeholders and seeking effective ways of meeting those needs, rights and interests. Common ways of achieving this include appropriate public and economic policy formulation and the mapping out of supportive corporate strategies (Greenwood, 2001; Dawkins and Lewis, 2003; Maignan and Ferrell, 2004).

As Solomon (2010, p. 15) puts it, stakeholder theory may be viewed as a “conceptual cocktail, concocted from a variety of disciplines and producing a blend of appealing sociological and organizational flavours”. In this regard, therefore, Solomon (2010, p.16) sees CSR as becoming an increasingly major concern for companies in today’s political and social climate, noting that social and environment lobby groups are relentlessly pressuring companies to improve their attitudes towards stakeholders by acting in a socially responsible manner.

2.1.2. Legitimacy Theory:

To continue its operations with the full support of society, a firm needs to maintain a positive record of social and environmental performance otherwise society will mobilize itself and act in a way that ensures the eventual demise of the firm. Failure to maintain a good performance record is acting in breach of the social contract and society will be justified in revoking it. It is therefore in the company's own interest to act responsibly both from the social and environmental standpoints and appropriately disclose information about its activities and products to the public; this has the effect of offsetting any negative image the firm may have (Deegan and Rankin, 1997).

As we can see, legitimacy theory explains why organizations must disseminate information to the community (Kokubu et al., 1994) and why they need to legitimize their existence, not only to their shareholders but to the community as well (Solomon, 2010). The logical inference here is that by design or default, legitimacy theory gives a firm's decision makers (i.e. management) too much discretion over the handling of CSR information and, as such, it hands them the power to explicitly or implicitly manipulate and distort the firm's record in a way that is favorable to the firm (Kokubu et al., 1994). As (Harte and Owen, 1992; Deegan and Rankin, 1996) point out, the downside of legitimacy theory is that it may encourage business managers to put out positive information (i.e. only information that will guarantee stakeholder approval).

2.2 Corporate Social Responsibility Disclosure

CSR disclosure become important and been focus in academic research studies. One of the earliest definitions of CSR was given by Elias and Epstein (1975, p. 36) who defined it as reporting on specific aspects of how a business organization is doing in terms of the social activities it is involved in, its economic performance and the impact thereof. Another definition frequently quoted in literature is that given by Gray et al (1996, p. 3) CSR which describes CSR as "the process of communicating the social and environmental effects of organizations' economic actions to particular interest groups within society and to society at large".

Several of research in both developed countries have examined the content of annual reports for CSR disclosure. Ernst and Ernst (1978) for instance examined social and environment disclosed information in Fortune 500 companies' annual report between 1972 and 1978. They observed that 388 companies disclosed environmental-related information, 387 companies disclosed fair business practices information, 361 companies had disclosures in community related information, 333 companies had disclosures in energy information, 302 companies disclosed human resources information, 184 companies in product I and 120 companies had disclosures about product about other CSR information issues. (Ernst and Ernst,1978)

Guthrie and Parker (1990) also examined 150 companies' annual reports in three countries by using content analysis: United Kingdom (U.K), United States (U.S) and Australia. They found the companies had CSR disclosures were 98 percent of the U.K, 85 percent of the U.S. companies and 56 percent of the Australian companies. That CSR disclosure cover these subjects: community, environment, human resource, product, energy and other CSR issue.(Guthrie and Parker,1990)

Furthermore, a 2011 survey by KPMG showed that the number of companies accounting and reporting on social issues had risen significantly in comparison to an earlier CSR survey by the same organization KPMG (2011). The survey showed that 95 percent of the 250 largest companies in the world were actively reporting their CSR activities, which represented an increase of 14 percent compared to results of their 2008 survey. The report also showed that, 61 percent of companies in the Middle East and Africa region currently put out their CSR to the public. On Asia, the report showed that the region continued to properly disclose CSR issues to the market; Asia is home to around 49 percent of the companies included in the survey. A noteworthy observation was that 68 percent of the Chemicals and Synthetics companies reported an average increase of 6 percent in their CSR activities (KPMG, 2011).

Meanwhile, CSR disclosure examined in the developing countries by several researchers. Belal (2001) for instance examined the CSR disclosure of annual reports in Bangladesh of 30 listed companies. He observed that 97 percent of companies had some CSR disclosure with low volume of disclosure. (Belal,2001)

Abu Baker and Naser (2000) also examine 143 annual reports of listed companies in Jordan. They found the extent of disclosure in CSR in Jordan was low.(Abu Baker and Naser,2000)

Ahmad et al. (2003), also examine CSR disclosures in Malaysia in annual reports of 98 listed on the Kuala Lumpur Stock Exchange (KLSE). They found 84 percent of companies disclosed CSR information. (Ahmad et al. , 2003)

3.Methodology

Researchers use several data collation methods; the choice of one method over another depends on several factors, including the nature of data to be collected, how complex the topic is, the amount of time available, available resources, etc. Available data collection methods include: surveys, interviews, focus groups, and secondary data, among others.

3.1 Content analysis

A method called content analysis will be used. The method has been chosen because it is currently considered the best method available for analyzing the content of communication messages in the form of books, reports, photographs, etc. It is based on the systematic identification of ‘specific characteristics of messages’, Holsti (1969) and making inferences thereof.

When applying content analysis, one has to codify available data from the qualitative and quantitative standpoints, so as to identify patters in the way information is presented and reported. For the sake of reliability, the analysis must not only be systematic but also objective (Krippendorff, 1980; Guthrie and Parker, 1990; Guthrie, 1983).

As far as the use of content analysis to deal annual reports is concerned, Gray et al., (1995b) and Guthrie and Parker, (1990) affirm that this has been done successfully and the method has been proven to be empirically valid. Since the method has been used to analyze a diversity of disclosure items with success (see Guthrie and Mathews, 1985; Guthrie and Parker, 1990; Zeghal and Ahmed, 1990; Hackston and Milne, 1996), we find its suitability beyond question.

Emanating from our conviction about its suitability for the task at hand, content analysis will be used in this research to study the nature of CSR practices in Saudi Arabia and the context in which CSR disclosure is handled by concerned parties. The study will also focus on views and perceptions held by pertinent stakeholders, particularly company managers.

4. Results of the Content Analysis

The research method used in this study is content analysis. This method was chosen for its ease of use to gain a preliminary indication of the quantity and nature of CSR practices in Saudi Arabia. According to Morris (1994), content analysis can be used to extract data from a wide variety of communication tools. Researchers have used it primarily to draw conclusions from written communications.

Content analysis has been widely used in the CSR as data collection method (for instance, Ernst & Ernst, 1976; Guthrie & Mathews, 1985; Cowen, Ferrari, & Parker, 1987; Tinker & Neimark, 1987; Harte & Owen, 1991; Guthrie & Parker, 1990; Roberts, 1991; Adams, Coutts, & Harte, 1995; Adams, Hill, & Roberts, 1998; Adams & Laing, 2000; Gray et al., 1995a; Gray, Kouhy, & Lavers, 1995b; Buhr, 1998; Unerman, 1999, 2000; O'Dwyer, 1999; Campbell, 2000; Lodhia, 2000; Wilmshurst & Frost, 2000).

A total of 174 annual reports over the three years, representing 58 Saudi listed companies from different sectors were selected and analyzed using content analysis. The empirical results obtained were used to describe CSR disclosure practices. Results are measured by volume (i. e. amount) of CSR disclosure. It is precisely this level of disclosure that is the focus of this research and it is measured per number of pages, in line with Ernst and Ernst (1978) and Gray et al. (1995b).

4.1 Trends in CSR Disclosure

This section aims to demonstrate and analyzed the findings of the content analysis study. The CSR information disclosed in the annual report was classified into the following four dimensions: Environment, Social, Employees and Consumer, in line with Gray et al. (1995b). Furthermore, each of these dimensions was classified into one or more categories. The findings of the analysis demonstrated the trends in environmental information disclosure,

CSR	2010	2011	2012
Total no. of companies	58	58	58
No. of companies disclosing	36	37	47
Total number of pages disclosing	54.45	71	70.05

social benefit information disclosure, and employee benefit disclosure, and consumer satisfaction disclosure in Saudi listed companies.

Table 4.1: Total volume of CSR from 2010 to 2012

Average volume of CSR (mean pages)	0.94	1.22	1.20
Maximum pages disclosed	4.35	4	3
Minimum pages disclosed	0	0	0

Table 4.2: Number of companies per sector

Sector	Number of companies
Petrochemical	14
Cement	13
Agriculture & Food	15
Industrial Investment	14
Energy & Utilities	2
Total	58

Table 4.3 volume of CSR per sector from 2010 to 2012

Sector	2010	2011	2012
Petrochemical	21.7	25.55	26.6
Cement	10.8	18.25	18.1
Agriculture & Food	6.85	9.1	11.1

Industrial	12.35	12.1	8.75
Energy & Utilities	2.75	6	5.5
Total per pages	54.45	71	70.05

Graph 4.1 Trend of main dimension

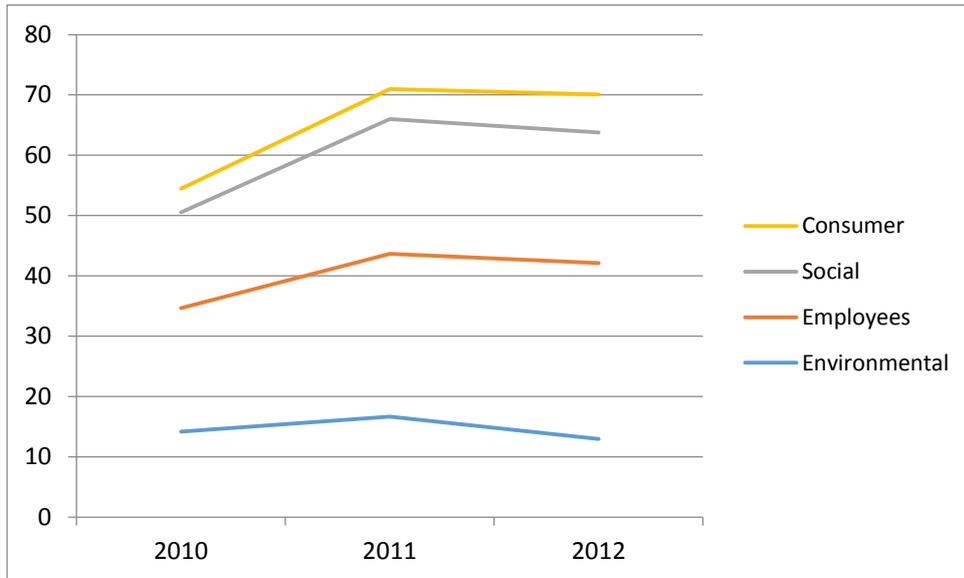


Table 4.4 Volume of disclosure per dimension

Environmental disclosure			
No. of companies disclosing	18	18	22
% of companies disclosing of total sample	31%	29%	36%
No. of pages disclosing	14.15	16.65	12.95
Average volume of disclosure (mean pages)	0.24	0.29	0.22
Social disclosure			
No. of companies disclosing	27	29	36
% of companies disclosing of total sample	46%	50%	62%
No. of pages disclosing	15.90	22.35	21.70
Average volume of CSR (mean pages)	0.27	0.38	0.37
Employees disclosure			
No. of companies disclosing	31	34	39
% of companies disclosing of total sample	52%	55%	67%

No. of pages disclosing	20.50	27	29.15
Average volume of CSR (mean pages)	0.35	0.46	0.50
Consumer disclosure			
No. of companies disclosing	14	15	18
% of companies disclosing of total sample	24%	24%	26%
No. of pages disclosing	3.9	5	6.25
Average volume of CSR (mean pages)	0.07	0.09	0.11

Table 4.5 Percentage of CSR disclosure per dimension

	2010		2011		2012	
Environmental	14.1	26%	16.65	23.5%	12.95	18%
	5					
Employee	20.5	38%	27	38%	29.15	42%
Social	15.9	29%	22.35	31.5%	21.7	31%
Consumer	3.9	7%	5	7%	6.25	9%
Total	54.4	100	71	100%	70.05	100%
	5	%				

Table 4.1 shows that over the three year period all of the reports sampled contain some CSR disclosure. The tables clearly demonstrate that the total number of pages devoted to CSR information rises from 54.45 pages in 2010 to 70.05 pages in 2012, an increase of approximately 27% of CSR. Additionally, the largest increase was between 2010 and 2011 (30%). Also, the number of companies disclosing CSR information increased from 36 (2010) to 47 (2012). Moreover, the maximum average of disclosure undertaken in 2012 was 1.20 pages of the corporate annual report and in 2010 were 4.35 pages.

Table 4.3 shows the largest disclosure was from the petrochemical sector at 40%, with the second largest from the industrial sector (23%) in 2010. In 2011, the highest disclosure was the petrochemical sector (36%) and the second largest was the cement sector (26%). In 2012, the largest disclosure was the petrochemical sector (38%) and the second largest was the cement sector (26%).

Graph 4.1 shows that the trend of the total pages by volume of environmental disclosure; employee disclosure; social disclosure and consumer disclosure over the three years. However, most of this total is related to employee disclosure. As shown in Table 4.5, the total disclosures over the three years indicate a high priority to employee, social and environmental information, and a low priority given to consumer disclosures within the sample.

4.1.1 Trends in Environmental disclosure

Table 4.4 shows that the total volume of environmental information disclosure rises from 14.15 pages in 2010 to 16.65 pages in 2011, an increase of approximately 18%. Additionally, between 2011 and 2012 the disclosure decreased from 16.65 pages to 12.95 pages. Moreover, the total number of companies disclosing environmental information was 31% of the sample in 2010 across 18 companies, and 36% in 2012 across 22 companies.

Table 4.5 shows that 26% of environmental information was published in 2010 and this decreased to 18% in 2012.

Table 4.6 Environmental Disclosure

Category	2010			2011			2012		
	N*	P**	%	N*	P**	%	N*	P**	%
Training	8	2.15	44	6	1.9	33	9	2.55	41
Pollution control	3	2	16	2	2.75	11	4	1.6	18
Awards	1	0.25	5	4	0.7	22	7	2.25	32
Policy and Audit	18	9.75	100	17	11.3	94	21	6.55	95

N* Number of companies disclosing

P** Total no. of pages disclosed

%*** Percentage of companies disclosing

Table 4.6 shows the total volume of environmental disclosure in the four categories: training, pollution control, awarded, and policy and audit over the three year period. We found that the total volume of pages of environmental training decreased slightly between 2010 and 2011 and then increased slightly in 2012; also the number of companies that disclosed environmental training information decreased between 2010 and 2011 from 8 to 6 companies, then increased to 9 companies in 2012.

Also it was found the total volume of pages and number of companies that disclosed in pollution control decreased slightly between 2010 and 2011 and then increased slightly in

2012.

In environmental awards, there was a significant increase from 2010 to 2012 in the number of companies disclosing and the volume of disclosure.

It was also found that companies disclosed more in environmental policy and audit during the period with the number of companies increasing from 18 (2010) to 21 (2012).

Noteworthy is the increased in environmental disclosures which coincides with create the Saudi Arabian Responsible Competitiveness Index (SARCI) and The King Khalid Award for Responsible Competitiveness.

The SARCI index looks at how Saudi companies are building a competitive advantage by managing their social and environmental impacts. How companies are aligning their core operations to the biggest challenges in society is also analysed in the SARCI-reports. Key issues are efficient use of water, creating efficient public services and developing local skills.

The King Khalid Award is an annual award aimed at acknowledging the top three performing companies of the SARCI. The companies that are awarded this prize are those who adopt efficient programs which aim to support sustainable social, economic and environmental development in Saudi Arabia.

However, this type of disclosure, as shown in Table 4.4 is still at an early stage with less than of 50% of companies of sample is disclosing environmental information. There was a slight increase in the number of companies disclosing each year.

4.1.1.1 Environmental Disclosure Example:

4.1.1.1.1 Training information disclosure examples:

- **SABIC** gives over 134,446 hours of training to employees on safety, health and the environmental in 2012.
- **YANSAB** gives 16,000 hours of training on safety, health and environmental in 2010.

4.1.1.1.2 Pollution control information disclosure examples:

- **SABIC** applies Life Cycle Analysis (LCA). Measures adopted as a result of LCA

application have acknowledged the company as helping the steel industry save \$17 million worth of natural gas, which was available for alternative needs within the regional market.

- [Saudi Fisheries](#) applies a filter technique to clean the water before it's returned to the sea after use in a shrimp farm.
- [Eastern Cement](#) has installed a dust control system in production line 1 and 2 to reduce the impact in the environment.
- [Saudi Cement](#) has replaced the filter to new bag house filter that to dust control system to reduce the impact in the environment.

4.1.1.1.3 Awards information disclosure examples:

- [Chemanol](#): Company achieved membership in Responsible Care that after achieving the requirement which include social and environment responsibility.
- [Alujain](#): Company was a commended winner of the Silver Award from the Royal Society for the Prevention of Accidents (RoSPA and UK). Alujain is a member of the British Safety Council and the Perfect Record Award from the National Safety Council, USA.
- [Petro Rabigh](#): Company received the Gold Award Certificate from the Royal Society for the Prevention of Accidents (RoSPA).

4.1.1.1.4 Policy and Audit information disclosure examples:

- [SABIC](#) also reported on the SAFER program which it started in 2010 to provide an effective system for identifying, assessing, recording, mitigating, and stewarding Environment; Health; Safety and Security (EHSS) risks, with a view to their elimination or reduction to acceptable levels.
- [SAFCO](#) achieved a rate of 0.08 of working in a safe and healthy environment; the plan was 0.65 in 2012 that excellent rate of protect environment.
- [Saudi Kayan](#) has completed 8 million working hours without any disabling injuries to company employees and 485,000 working hours without any disabling injuries to employees in 2012, as environment audit.

4.1.2 Trends in Social disclosure

Table 4.4 shows that the total volume of social information disclosure has slightly increased over the three years, rising from 15.90 pages (2010) to 22 pages (2012), an increase of approximately 38%. Additionally, the highest increase was between 2010 and 2011 (39%). Moreover, the total number of companies disclosing social information was 46% of the sample (2010) from 27 companies, and 62% (2012) from 36 companies.

Further insights can be obtained from Table 4.5 where the social information disclosed was 29% (2010), increasing to 31% (2012).

Table 4.7 Social Disclosure

Category	2010			2011			2012		
	N*	P**	%	N*	P**	%	N*	P**	%
Charity	13	5.82	44	17	7.75	59	21	7.3	58
Community Activity	25	10.07	92	26	14.6	90	32	14.4	89

N* Number of companies disclosing

P** Total no. of pages disclosed

%*** Percentage of companies disclosing

Table 4.7 illustrates the frequencies, percentage of and the total volume in two social categories - charity and community activity. Charity disclosure has increased between 2010 and 2012, and the number of companies disclosing has increased from 13 (2010) to 21 (2012). Also, the number of companies disclosing community activity information increased from 25 (2010) to 32 (2012) and the total volume of pages increased from 10 pages (2010) 14.40 pages (2012).

Noteworthy is the growth in social disclosures which coincides with the creation of the Saudi Arabian Responsible Competitiveness Index (SARCI); and The King Khalid Award for Responsible Competitiveness. One of the criteria of SARCI was for companies to contribute more to social activities.

4.1.2.1 Social Disclosure Example:

4.1.2.1.1 Charity activities examples:

- [SAFCO](#) donated to a Medical Research Centre in Riyadh and was involved in

other charity activities.

- **SIPCHEM**: Company takes its responsibilities towards, and participates, in its community issues so seriously that its board of directors has allocated 1% of its total annual net profit to social responsibility programs and charities;
- **SABIC**: Company spent SR 563 million on a Research Center at King Abdullah University of Science and Technology; SR 375 million on the establishment of SABIC Plastics Applications Development Center at Riyadh Technology Valley, in conjunction with the King Saud University.
- **SADAFCO** donated to a deaf and mute charity and other charities.
- **SAVOLA** created a program called 'Keep change for charity' to encourage donations from customers.
- **Aljoug Cement** donated 200 tonnes of cement to a charity project.
- **City Cement** donated to Syria and towards other charities.
- **Saudi Cement** spend SR50 million to build a clinic for accident and emergencies at the Al-Hasa city hospital.
- **SIPCHEM** has spent SR 7 million on charitable activities during 2012, an increase of 100% on 2011.

4.1.2.1.2 Community Activities examples:

- **SAFCO** provided opportunities for 34 students to learn from its professional staff through an internship program.
- **Alujain**: Company won second place at the 2012 King Khaled Awards for Responsible Competitiveness ceremony, as well as the Marafiq Sustainability Award for 2012.
- **SABIC** organized three CCI (Children Challenging Industry) events for around 70 young students at SABIC's Wilton site in the UK. Children were given a half-day visit to the site and 30 SABIC staff coached 15 teams from local high schools. The company has a Student Scholarship Program for young Saudis studying various engineering and business degree courses in the UK; it also initiated a grants project worth SR 7 million (\$1.9 million) for the Disabled Children's Association that covers treatment and education costs for 20 children for five years. SABIC provided SR 4 million (\$1 million) to support a mobile clinic.

- **PETRO RABIGH:** Company completed a contract to expand 6km of local roads that connect to the Jeddah–Yanbu highway, to the benefit to transportation of more than 1,000 employees, 1,000 trucks and 2,000 city visitors. Furthermore, the company supported poor people in Somalia and Japan after the 2011 earthquakes; it also provides a summer training program for 24 high school students and an annual bachelor scholarship program for four students who are not employees of the company.
- **NADEC** has sponsored a number of social activities (national day; disabled international day and sugar international day).
- **SADAFCO** has sponsored World School Milk Day and open career day for student at the King Abdullaziz University.
- **SAVOLA** employed 306 people with disabilities during the period and created the Sovala Total Accessibility project in three company locations, gaining a certificate from Global Alliance on Accessible Technologies and Environments (GAATES).
- **Tabuk agriculture** contributed to society by giving free advice and consultations to local farmers and invited students and others to visit their site.
- **Arabic Cement** built a 60,000 m social center for social and sporting activities in Rabigh.
- **Hail Cement** paid SR 200,000 for the Hail Rally as sponsor and support for the city activities.
- **Qassim Cement** donated SR 3 million to build a laboratory for food testing in Qassim city that to monitoring the food as health and safety.
- **Maadan** spent SR 84 million to build two training centers.
- **TASNEE** donated blankets during winter to poor people in the north of Saudi Arabia.

4.1.3 Trends in Employee disclosure

Table 4.4 shows that the total volume of employee information disclosure increased slightly each year and disclosure increased from 20.25 pages (2010) to 29.15 pages (2012), an increase of approximately 40%. Moreover, the total number of companies disclosing employee information was 52% of the whole sample (2010) from 31 companies and 67% (2012) from 39 companies.

Further insight can be gained from Table 4.5 which shows the employee information disclosed was 38%(2010), with a slight increase to 42% (2012).

Table 4.8: Employee Disclosure

Category	2010			2011			2012		
	N*	P**	%	N*	P**	%	N*	P**	%
Pension and Employee Benefit	12	5.35	39	16	7.95	47	17	8.1	44
Training	20	6.20	64	25	8.85	73	27	10.85	69
Employment	26	7.85	84	29	8.10	85	33	9.85	85
Other Employee Information	4	1.1	13	4	2.1	12	2	0.35	5

N* Number of companies disclosing

P** Total no. of pages disclosed

%*** Percentage of companies disclosing

Table 4.8 demonstrates the frequencies, percentage of and the total volume in four employee categories - pension and employee benefit; training; employment and other employee information. Pension and employee benefit disclosure increased from 5.35 pages (2010) to 8 pages (2012) and the number of companies disclosing increased from 12 (2010) to 17 (2012). Also, training disclosures increased from 6.20 pages (2010) to 10.85 pages (2012) and the number of companies disclosing increased from 20 (2010) to 27 (2012). The number of companies disclosing employment information has risen from 26 (2010) to 33 (2012). Volume has also increased from 7.85 pages (2010) to 9.85 pages (2012). For other employee information, there was a slight decrease in the number of disclosing companies and the volume of disclosure increased between 2010 and 2011, and subsequently decreased between 2011 and 2012.

The political system may have influenced the increase in employee disclosure as there is a new policy of employment in Saudi Arabia to increase the percentage of national employees to non- national employees through increasing job opportunities in Saudi.

4.1.3.1 Employee Disclosure Example:

4.1.3.1.1 Pension and Employee Benefit disclosure examples:

- **TASNEE**: Spent SR 8.4 million on a home loan program for its employees that loan without interest to help employee to have properties.
- **SIPCHEM** has signed a contract with Saudi STX Construction Co. Ltd. to build 354 housing units for its employees in the district of Jalmoudah, Jubail Industrial City. The company has also initiated an Islamic Shariah-compliant savings plan to motivate its employees and enhance their loyalty to the company which it hopes will improve work performance.
- **SADAFCO** is giving 20 years' services award to those who complete 20 years working service and free gym membership to 300 employees.
- **SAVOLA** established a home loan program that can lend employees a maximum of 50 basic salaries with free interest and a return within 10 years.
- **Maaden** spent SR 96 million on a home loan program in 2011 and 2012.
- **Saudi Electric** paid and covers 70% of the mortgage interest for their employees who would have mortgage from the local banks.
- **Sipchem** is implementing an employee incentive program which aims at encouraging the company and affiliates' employees to maintain and improve their work performance. The total number of the program shares reached 1,826,354 as of 31 December 2011.

4.1.3.1.2 Training information disclosure examples:

- **SAFCO**: trained over 2,600 of its employees between 2010 and 2012.
- **SAUDI KAYAN**: had over 166,907 hours of training for employees in various administrative and technical areas in 2011 and 2012.
- **PETRO RABIGH**: over 981 employees have been enrolled in 47 in-house training programs, while 307 employees have attended out-of-company (OOC) training programs.
- **Qassim Cement** had over 70,000 hours of training during the three years.
- **Maadan** spent SR 28 million on employee training in 2011.
- **GASCO** trained 350 employees every year during the three years.

- [Saudi Electric](#) trained over 35,455 employees in 2012.

4.1.3.1.3 Employment information disclosure examples:

- [SAFCO](#): A total of 947 students joined the SAFCO employment training program during the period.
- [SABIC](#): increased the number of employees of Saudi nationality from 83% to 84% of the 21,400 total in Saudi Arabia in 2012.
- [PETRO RABIGH](#): The Company has 2,769 employees with a Saudi citizenship level of 85%.
- [SAVOLA](#) has 18,500 employees in the world which include 13,500 inside Saudi Arabia with 40% of national employees.
- [Aljouf Cement](#) increased their employees from 275 in 2011 to 519 in 2012.
- [Saudi Electric](#) had between 86%-87% national employee that is high percentage and over the requirement, which mean the company takes the responsibility of non-employment rate.

4.1.3.1.4 Other employee information disclosure examples:

- [Sipchem](#) won the first place as the Best Saudi Work Environment Company and ambitious to continue achieving the best work environment not only in the Gulf region but in the Middle East.
- [Chemanol](#) surveyed employees to get their feedback and to review and change working procedures and to give equal opportunities to all employees.

4.1.4 Trends in Consumer disclosure

Table 4.4 shows that low priority is given to consumer disclosures. The total volume of consumer information disclosures has increased over the three years with disclosures rising from 3.9 pages (2010) to 6.25 pages (2012), an increase of approximately 60% in the three years. Additionally, the largest increase was between 2010 and 2011 by 28%. Moreover, the total number of companies disclosing consumer information was 24% of the whole sample (2010) from 14 companies and 26% (2012) from 18 companies.

Further insights can be obtained from Table 4.5 where consumer information disclosed was

7% (2010) with a slight increase to 9% (2012).

Table 4.9: Consumer Disclosure

Category	2010			2011			2012		
	N*	P**	%	N*	P**	%	N*	P**	%
Quality and Safety	14	3.9	100	15	5	100	17	6.10	94
Other Consumer Disclosure	0	0	0	0	0	0	1	0.15	5

N* Number of companies disclosing

P** Total no. of pages disclosed

%*** Percentage of companies disclosing

Table 4.9 shows the frequencies, percentage of and the total volume in two consumer categories which are quality and safety and other consumer disclosure. The number of companies disclosing quality and safety information increased from 14 (2010) to 17 (2012), and the volume increased from 3.9 pages (2010) to 6.10 pages (2012). Other consumer information was only 0.15 pages in 2012.

The Consumer Protection Association (CPA) may have influenced the increase in consumer information disclosure. The CPA has become more active through setting-up an information Centre to provide information to the consumer and to receive product complaints. Moreover, they established a consumer happy index and transparency to the consumer index. Also, there is a campaign to boycott bad products which has become widely used through social networks such as Facebook and Twitter.

4.1.4.1 Consumer Disclosure Example:

4.1.4.1.1 Quality and Safety information disclosure examples:

- **CHEMANOL:** Company follows international product policies and meets its customers regularly to get their feedback and assessments on their products. The company also consistently maintains its ISO9001, 2000 QMS certification.
- **YANSAB:** Company's products are certified for use in medical and food products because of their high quality, as evidenced by the GMP certificate the company was awarded.
- **KAYAN:** Company was ISO 9001 (QMS) certified in 2011 for quality system.

- [SAFCO](#): Company was ISO 17025 certified given the high quality of its products.
- [Saudi Fisheries](#): company has been certified of ISO 9001-2000; HACCP; SQF(Safety and healthy food) .
- [Tabuk agriculture](#) achieved a quality certificate for their honey and olive oil products.
- [Halwani Bros](#): company was ISO 200:9001 compliant and their product has approval from Codex Alimentations – the international food standard.

4.1.4.1.2 Other Consumer Disclosure example:

- [Petrochem](#) perform inspections on the factory machines to ensure the production of high quality products.

4.2 Conclusion:

In this study, the extent to which 58 companies listed on the Saudi Stock exchange complied with corporate social responsibility during the 2010 to 2012 period was investigated. Overall a significant increase in CSR reporting was observed over that period despite the fact that private-sector companies are still in the early stages of awareness as far as integrating CSR activities into their corporate policies and strategies. This is consistent with previous research in Saudi Arabia by Mandurah et al. (2012) who reported that Saudi Arabia was still in the early stages of CSR awareness.

Relatively speaking, there is significant interest in CSR in Saudi Arabia, with companies increasingly joining efforts with the government to attend to matters of social responsiveness. There is an apparent bias towards focusing on employee reporting. Admirable efforts were observed in social reporting and environmental reporting. Low concerns are given by companies to consumer reporting. However, we note that some companies repeat the same CSR information in the three years, for example: [Petro Rabigh](#); [Eastern Cement](#); [Tabuk Cement](#); [BCI](#) and [Saudi Chemical](#). Moreover, some companies do not give clear details of CSR, for example: [Yansab](#); [Kayan](#); [Sharqiya Dev](#) and [Hallwany Bros](#) state they organise some social activities without giving more detail on the kind of social activities they do. Furthermore, some companies don't change the CSR information during the three years and they disclose the same CSR information without changing any part of it, for example: [Aljouf Agriculture](#); [Tabuk Agriculture](#); [Alabdullatif](#); [Shaker](#) and [SPM](#). Also, we noted [City Cement](#) disclosed CSR information in 2012 about a golden award that was achieved in 2009.

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List of Saudi Companies Names

1	Methanol Chemicals Company. (CHEMANOL)	18	Anaam International Holding Group CO. (Anaam Holding)
2	National Petrochemical Company.(Petrochem)	19	Halwani Bros.
3	Saudi Basic Industries Corp. (SABIC)	20	Herfy Food Services Co. (Herfy Foods)
4	Saudi Arabia Fertilizers Co. (SAFCO)	21	Saudi Airlines Catering Company (Catering)

5	National Industrialization Co. (TASNEE)	22	National Agriculture Development Co. (NADEC)
6	Alujain Corporation. (Alujain)	23	Qassim Agriculture Co.
7	Nama Chemicals Co. (Nama Chemicals)	24	Tabuk Agriculture.
8	Saudi Industrial Investment Group. (SIIG)	25	Saudi Fisheries Co. (SFICO)
9	Sahara Petrochemical Co. (Sahara Petrochemical)	26	Ash-Sharqiyah Development Company. (Sharqiya Dev Co)
10	Yanbu National Petrochemical Company. (YANSAB)	27	Al-Jouf Agriculture Development Co.
11	Saudi International Petrochemical Co. (Sipchem)	28	Bishah Agriculture Development Co.
12	Advanced Petrochemical Company. (Advanced)	29	Jazan Development Co.
13	Saudi Kayan Petrochemical Company. (Saudi Kayan)	30	Jouf Cement.
14	Rabigh Refining and Petrochemical Co. (Petro Rabigh)	31	Hail Cement Company.
15	Savola Group.	32	Najran Cement Company.
16	Almarai Company. (Almarai)	33	City Cement Co.
17	Saudia Dairy and Foodstuff Co. (SADAFCO)	34	Northern Region Cement Company.
35	Arabian Cement Co.	47	Astra Industrial Group.
36	Yamama Cement Company	48	Al Sorayai Trading And Industrial Group Company.
37	Saudi Cement Company.	49	Al Hassan Ghazi Ibrahim Shaker. (SHAKER)
38	The Qassim Cement Co (QACCO)	50	Saudi Pharmaceutical Indust.& Med. Appliances Corp. (Pharmaceutical)
39	Southern Province Cement Co.	51	The National Co. for Glass Industries. (Glass)
40	Yanbu Cement Co.	52	Filing and Packing Materials Manufacturing Co. (FIPCO)

41	Eastern Province Cement Co.	53	National Metal Manufacturing and Casting Co. (Maadaniyah)
42	Tabuk Cement Co.	54	Saudi Chemical Company.
43	Saudi Industrial Export Co (SIECO)	55	Saudi Paper Manufacturing Co. (SPM)
44	Takween Advanced Industries.	56	Alabdullatif Industrial Investment Co.
45	Basic Chemical Industries Co. (BCI)	57	National Gas & Industrialization Co.
46	Saudi Arabian Mining Company.(MAADEN)	58	Saudi Electricity Company.