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### IMPLEMENTATION OF CSR PROGRAMS IN SAUDI SMES

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#### ABSTRACT

This study determines the main Corporate Social Responsibility (CSR) practices adopted and implemented by Saudi SMEs. The challenges that are being faced by Saudi SMEs will also be highlighted. The methodology of this study consists of a mix methodology based on semi-structured interviews and supported by a questionnaire administered to 6 Saudi SMEs. Data analysis helped discovering, the companies need more experience and deeper social responsibility in the future. There are programs of corporate social responsibility in SMEs but vary according to the company's capabilities and need to be clarified more of the way of implementation and be a sustainable way. SMEs are also facing the biggest challenges in the implementation of corporate social responsibility more than large companies due to lack of adequate income and experience. The CSR is important and that small and medium-sized companies are aware of the importance of social responsibility but the reasons for not implementing it more deeply are that they do not have enough income and do not follow a variety of activities of social responsibility. So, the companies will implement the right way and more success CSR in the future. This study is useful to provide SMEs with the concept of CSR in the right way and to provide readers with strategies CSR in SMEs.

#### INTRODUCTION

Corporate Social Responsibility (CSR) is a major issue in today's corporate world. Many companies worldwide devote significant resources to social responsibility [1, 2]. Pressure from "global citizens" has made the idea of corporate social responsibility a competitive advantage [3]. Many consumers will purchase products and services from an organization they believe is a good corporate citizen. This has forced corporations in many industries to be

accountable to society as a whole. Corporate social responsibility is not just voluntary or philanthropic, it is a well thought out and systematic human action that leaves sustainable impacts and supports the social and economic development plans of countries [4].

Businesses in Saudi Arabia are excelling in CSR programs in order to gain community trust and enhance their reputation. But need a legislative body in the Kingdom to organize different CSR programs and activities in order to avoid redundancies and overlapping [5].

Saudi Arabia is one of the world's rapidly rising economic powers. Through 2030 vision the government has espoused comprehensive economic plans aimed at achieving economic and technological progress support the SMEs, while integrating its economy into the global market. Earlier plans had sought to increase the rate of growth in its gross domestic product (GDP), develop human resources, and diversify the economy. The most recent plans have focused on encouraging research, enhancing private-sector participation in the development process; expanding basic services offered to citizens; protecting the environment, natural resources and wildlife; and developing and conserving water resources, among other things. These recent plans give priority not only to building capacity, but also to strengthening the competitive position of the kingdom, allowing it to gain the flexibility needed for dealing with a changing global economic environment. These goals are in line with CSR and with the rising role of national corporations in the domestic and global economy.

Among the most widely functional mechanisms for fostering partnership between government and business is CSR. The essence of CSR is that business activity and corporations themselves have a can contribute to the health and welfare of society [6]. CSR is not only an economic necessity but also a political priority essential to social cohesion and the kingdom's leadership stance in the region. Also, programs have been initiated to strengthen partnerships between the public and private sectors and institutionalize CSR. For example, the Makkah Chamber of Commerce & Industry, in September 2011, conducted a two- day seminar on CSR with the participation of both private and public sectors, for the purpose of increasing awareness of the importance of CSR [6]. CSR in the kingdom has evolved in a distinctive way CSR is an instrument appropriate to SMEs. There are, however, certain challenges that have to be confronted.

In addition to those challenges, there are structural obstacles to group action CSR into the strategic coming up with of companies within the kingdom [7]. These stem primarily from the actual fact that the bulk of Saudi companies are tiny and medium-sized companies (SMFs) that neither generate high employment nor embrace development goals as a part of their CSR. Within the absence of powerful NGOs, SMFs don't seem to be expected to require initiatives to partner with government agencies or institutionalize CSR processes [8, 9]. This might create it tough, if not possible, for the govt. to channel private-sector energy and capability into fruitful CSR.

Was ascertained that there are eight international trends in CSR: competitiveness; strategic, competence-led philanthropy; responsibility and transparency; new sorts of public-private partnerships to tackle complicated international and national problems; industry-led business coalitions; new models of leadership and cooperation from key rising markets in Asia, Africa, geographical region and also the Middle East; group action CSR into business faculties and university curricula; and also the growing role of the media in promoting and articulating CSR [10, 11]. These trends don't seem to be solely a challenge; they additionally represent a blueprint for broader integration of CSR into business and social affairs. Therefore, the purpose of this study is to understand to which extent SMEs implement CSR programs and the challenges facing SMEs related to CSR programs

## **METHODOLOGY**

The methodology of this study consists of mix qualitative and quantitative analysis through interviews and questionnaire with SMEs. The methodology of the research is carefully designed to investigate Implementation of CSR Programs in SMEs in Saudi Arabia. The area for this research is very specific, which helps to get the right information related to the topic. The participants have been chosen carefully to understand their opinions on CSR in Saudi Arabia. This study focuses on elements that will help to understand the important of CSR and how it serves the community also what are the challenges the CSR in Saudi Arabia.

### ***Research process***

The qualitative and quantitative method was the method used in this study in order to collect more data for the topic to find answers about research questions which and support with a questionnaire the research and make it realistic.

The selection of research type is related to the nature of research. In this study, the research is qualitative and quantitative using semi-structured interviews and questionnaire with SMEs in Saudi Arabia.

### ***Data Collection***

Two types of data are used in this study namely primary data and secondary data. Secondary data refers to the data that has been gathered by the previous research. It could be classified as book, peer reviewed, journals and the articles published.

Primary data collected was to help answer the research question from interviews. The data was collected from interviews and surveys with four SMEs.

### ***Construction of interview and survey question***

This study used the interview and survey to determine whether the concept of CSR in SMEs and what extent to which implemented. The interview and survey are constructed on the basis of chosen out few in Saudi Arabia in order to study to understand to which extent SMEs implement CSR programs. The interview and survey enquired in general about the corporate social responsibility (CSR) available in the company and how the way to which implement and extent to understand the meaning of CSR in the company.

## RESEARCH SAMPLE AND DATA COLLECTION

This study considered 6 companies for the study and the business profiles are tabulated in Table 1. There are 4 interviews were conducted and 6 questionnaires were administered. The questions of the interview were answered by the owners of a business and the questionnaire done by someone work in the companies or owners.

**Table 1** Business's profile

Name of interviewees	Interview/ Questionnaire	Name of business
A	Interview and Questionnaire	Rofoof
B	Interview and Questionnaire	ALansari group
C	Interview and Questionnaire	The Eventizer
D	Interview and Questionnaire	Qoot
E	Questionnaire	Ipaot Smart marina
F	Questionnaire	Smou Alhlam

### *Result And Discussion*

#### *Interview findings*

##### *Business 1*

Interviewee A is a manger in Rofoof ecommerce and she startup company in Bader Website to sell or buy of books. Interviewee A said that the CSR is important and Rofoof E-commerce is mainly designed to solve a social problem. They also support cultural awareness, economic benefits to the community, and offer books at affordable prices. Consequently, they follow CSR but don't have a dedicated team for CSR because they are a startup company. Also, the Rofoof ecommerce consider CSR part of the Public Relations and Marketing Department. Rofoof e-commerce initiatives of CSR with Customers through helping them to sell their used books or buying used books with the lowest prices. As initiatives of CSR with government is increase in the education and economy of society and preserve the environment of throwing books. Interviewee A said that it is certain that there is a relationship between profitability and CSR, Rofoof ecommerce evaluate

CSR activities and they don't get any barriers to further CSR efforts in Rofoof. Their CSR plans for the future to become one of the big companies and offer more of CSR.

### ***Business 2***

Interviewee B is a big businessman work in the several kinds of business under the Al-Ansari Trading Group such as real estate and agriculture trade more 30 years. It is a medium company and bold materials. Interviewee B mentioned in interview said that the CSR in their company is very important to sharing with society and help the poor families and support individuals with special needs. Al-Ansari Trading Group has a dedicated CSR team and a CSR policy and programmer like a charity and they have the Al-Ansari Agricultural Group. They also sell some products in prime cost and have seasonal discounts. Also, the AL-Ansari Group considers CSR part of the Public Relations and Marketing Department. Interviewee B agreed that there is a relationship between profitability and CSR. The AL-Ansari Group considers CSR part of the Public Relations and Marketing Department.

### ***Business 3***

Interviewee C is founder of The Eventizer. Is one of the start-up companies in Saudi Arabia working in organizing events such as weddings and privets events, organizing public celebrations and official events, and produce innovative gifts. Interviewee C said the CSR very important to them because the way to marketing with the customer. They are working with strong beliefs in "THE.EVENTIZER" to make it a remarkable brand in the event planning field based in Saudi Arabia spreading its wings internationally with breathtaking ideas that holds value and effect.

They do not have a dedicated CSR team during start-up the company, thus their CRS team is same partners. Interviewee C claims that "our CSR our work because we have a special and unique products and service for the customer". They try to volunteer or work for free just to see the big picture of the business and improve our business. They ask people around to try their product or service before display on the market. They are clear about their ideas, target and goals, and vision. This is how their business is different and unique from others. The Eventizer CSR is part of the Public Relations and Marketing Department.

### ***Business 4***

The interview and survey was with Mr. D the owner of Qoot Company, which is a middleware application that combines the distinguished talent in the field of nutrition and connects them to customers through the internet. The Gout family of e-commerce Company has the application of the power and the competent in organizing the sale to the productive families of the kitchens participating in the application with all customers. Mr. D said the CSR in their company is very important as it is the line that defines success. The company's KPIs are based on CSR objectives such as to help and increase home caterers'

income. This will ultimately increase Qoot's income. Also, In Qoot they have 3 main programs with different levels as follows:

Regular to provide ease of access to a number of business consultancies and online tools

An acceleration program to help them generate brands, products, or services that will allow them for rabid expansion

Provide an investment to have own shops and companies.

Their profitability is tight with their CSR objectives. Since, they are based on shared economy businesses. They try to support those who are willing to collaborate and work on their knowledge and talents, also who want to make a living out of their talents and free time. They offer opportunities to those dreamers who want to make it come true.

### *Questionnaire findings*

The questionnaire results show some common but also different implementation of CSR in the studied SMEs:

The first question is about the criteria that makes a company responsible. Most of the respondents are strongly agree and agree with these responsibilities such as charity contributions, following legal requirements, offering good quality products, being environmentally friendly, getting involved in social campaigns, treating employees with respect, employing people with disabilities, implementing a code of conduct, and using suppliers that are socially responsible. There are also some of them disagree the criteria such as charity contributions and implementing a code of conduct.

The second question is in which CSR initiatives, their company has invested. There are 4 companies not invest in activity of games and sports. There are half of the interviewed companies do not invest in creating jobs as well as not supporting education such as scholarship programs or tuition reimbursement for employees. There are two of any interviewed companies does not involve or participated in donating money for charities, campaigns concerning social problems, poverty alleviation, promotion of culture, and participating in local community issues. In addition, there is one of the any interviewed company does not provides fundraising, using renewable resources, helping the underprivileged, support the local heritage, and manufacturing or selling socially responsible products or services.

The third question is identifying the most important reasons for the company to get involved in CSR activity. The reasons were presented in the sequence of:

Increasing Awareness, help society and environment (MOST IMPORTANT)

Rising International Standards

Vision and philosophy of the Organization

Image Building/Brand Reputation and Legal Compliance

Increase in profits

Community Pressure (LESS IMPORTANT)

All in all, this finding of this study shows that all of the interviewees are agreed with the CRS concept is important in the company. The one medium company among the four has dedicated CSR team. And the three others is a startup company doesn't have a team. This is because most of the companies do not have enough employees to develop the CSR team.

Also, some interviewee say the dedicated CSR team will an impact on income in the startup company because must to pay wages of employees. The interview output shows that the majority do not understand the real meaning of CSR. CSR help to marketing for business but the goal from CSR Is makes the society more welfare.

As almost of SMEs company doesn't implement deep social campaigns, like a human right or children right campaigns. Also, many companies confuse the concept of social responsibility with rights that are natural to do.

The companies need more experience and deeper social responsibility in the future. There are programs of corporate social responsibility in SMEs but vary according to the company's capabilities and need to be clarified more of the way of implementation and be a sustainable way. SMEs are also facing the biggest challenges in the implementation of corporate social responsibility more than large companies due to lack of adequate income and experience.

## **CONCLUSION**

The results concluded that implement corporate social responsibility in SMEs but vary according to the company's capabilities and need to be clarified more of the way of implementation and be a sustainable way. But it is good that small and medium-sized companies are aware of the importance of social responsibility but the reasons for not implementing it more deeply are that they do not have enough income and do not follow a variety of activities of social responsibility. So, the companies will implement the right way and more success CSR in the future. This study is useful to provide SMEs with the concept of CSR in the right way and to provide readers with strategies CSR in SMEs.

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