This research paper done to find out the budgeting decisions of the corporate social responsibility practices in Saudi Arabia and to bring out CSR initiatives taken by various organizations specifically the telecommunication Sector. The paper addresses the three telecommunications companies in KSA, Saudi Telecommunication Company (STC), Mobily and Zain.

The research consists of a questionnaire which filled out by the head of the Marketing/PR department in each of the three companies and then an analysis of the findings is discussed. Comparison is included too. The following findings are results of this research. The private sector in KSA is following up more with CSR activities and its benefits to the company .The Saudi government plays a major role in conducting and encouraging CSR practices.

This study will help the telecommunication companies to make and may alter decisions regarding the CSR practices in Saudi Arabia after reading this research and viewing the comparison of their company with the competitors.

Keywords— CSR, Corporate, Responsibility, Corporate Social Responsibility, Budgeting

I. INTRODUCTION

Corporate social responsibility (CSR) is a business management concept that originated in the early 1930s after the Wall Street crash of 1929 exposed corporate irresponsibility in large organizations. Since then, social responsibility has continued to be the focus of business operations and a popular topic of investigation for practitioners and academics from a range of disciplines (S. Sen, 2011)

Corporate Social Responsibility or CSR has been defined by Lord Holme and Richard Watts in The World Business Council for Sustainable Development's publication 'Making Good Business Sense' as "...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 the local community and society at large" .CSR is one of the newest management strategies where companies try to create a positive impact on society while doing business. Evidence suggests that CSR taken on voluntarily by companies will be much more effective than CSR mandated by governments. There is no clear-cut definition of what CSR comprises. Every company has different CSR objectives though the main motive is the same. All companies have a two point agenda- to improve qualitatively (the management of people and processes) and quantitatively (the impact on society). The second is as important as the first and stake holders of every company are increasingly taking an interest in "the outer circle"-the activities of the company and how these are impacting the environment and society.
Moreover, while governments have traditionally assumed sole responsibility for the improvement of the living conditions of the population, society’s needs have exceeded the capabilities of governments to fulfill them. In this context, the spotlight is increasingly turning to focus on the role of business in society and progressive companies are seeking to differentiate themselves through engagement in CSR.

Hence the fundamental idea of CSR is that business corporations have an obligation to work towards meeting the needs of a wider array of stakeholders (Clarkson, 1995; Waddock et al., 2002). More generally, CSR is a set of management practices that ensures the company maximizes the positive impacts of its operations on society or “operating in a manner that meets and even exceeds the legal, ethical, commercial and public expectations that society has of business” (BSR, 2001).

More than goodwill, corporate community involvement or strategic corporate philanthropy, corporate responsibility is a genuine attempt by a company to build meaningful relationships between the corporate sector and the rest of society.

Social Responsibility in Saudi Arabia

The popularity of Corporate Social Responsibility (CSR) is growing. In a country like Saudi Arabia, CSR initiatives are driven by strong sociocultural factors which already promote such values. Although traditionally it has been seen as a philanthropic practice, most businesses are now understanding the value it adds to the bottom line.

A recent study done by Informa Middle East, for which in-depth interviews were conducted with experts and over 150 professionals in the CSR sector participated in a survey, revealed several CSR trends in the Kingdom. These trends encapsulate the current status and the future potential of the sector in Saudi. (CSRPLUS, 2014)

II. LITERATURE REVIEW

Corporate Social Responsibility (CSR) has permeated management practice and theory up to a point where CSR can be referred to as the latest management fad (Guthey, Langer, & Morsing, 2006)

The field of corporate social responsibility has grown exponentially in the last decade. More than half of the Fortune 1000 companies issue corporate social responsibility (CSR) reports. A larger number of companies than at any time previous are engaged in a serious effort to define and integrate CSR into all aspects of their businesses. An increasing number of shareholders, analysts, regulators, activists, labor unions, employees, community organizations, and news media are asking companies to be accountable for an ever-changing set of CSR issues. There is increasing demand for transparency and growing expectations that corporations measure, report, and continuously improve their social, environmental, and economic performance.

The definition of corporate social responsibility is not unclear. According to Business for Social Responsibility (BSR), corporate social responsibility is defined as “achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment.” McWilliams and Siegel (2001:117) describe CSR as “actions that appear to further some social good, beyond the interest of the firm and that which is required by law.” A point worth noticing is that CSR is more than just following the law (McWilliams & Siegel, 2001). Alternatively, according to Frooman (1997:227), the definition of what would exemplify CSR is the following: “An action by a firm, which the firm chooses to take, that substantially affects an identifiable social stakeholder’s welfare. A socially responsible corporation should take a step forward and adopt policies and business practices that go beyond the minimum legal requirements and contribute to the welfare of its key stakeholders. CSR is viewed, then, as a comprehensive set of policies, practices, and programs that are integrated into business operations, supply chains, and decision-making
processes throughout the company and usually include issues related to business ethics, community investment, environmental concerns, governance, human rights, the marketplace as well as the workplace.

Puth and Lubbe (1994:179-180) define corporate social responsibility as 'generic concept referring to the business organization’s concern and active two-way involvement with the social, economic and political force which influence the environment within which it exist’.

The Dean of Rotman School of Management, Roger L. Martin (2002), developed the “virtue matrix” as a framework for how socially responsible behavior enters business practice. The matrix is framed by four quadrants. The two bottom quadrants include socially responsible conduct in which corporations engage by choice, by following norms and customs, or by compliance to existing laws or regulations. Those actions both promote social responsibility and enhance shareholder value. On the other hand, the two top quadrants of the matrix include the strategic and structural frontiers, which include activities whose value to shareholders is either clearly negative or not immediately apparent. The boundaries between the different categories of socially responsible conduct are porous, since a change in the law or in common practices can cause an activity to migrate from the upper quadrants to the bottom ones.

An article published at knowledge @ Wharton on 23 May 2012, recommended that according to changing generation CSR importance are also changing. The researcher said that the next generation of business will give undue importance to the CSR activities while past researchers like Milton Friedman referred CSR as window dressing for businesses. Further, in this article, with the help of several examples it has discussed that companies engaged in CSR are more profitable in terms of money, human capital and other resources. Some companies and researchers termed CSR as cost saver while some taken it as reputation building activities. Lastly, it was concluded that CSR is beneficial for the society as well as business.

Mc William & S. Seigal (2010) provided the importance of CSR as a strategy of enhancing reputation of companies. The study indicated that firms selling convincing goods which comes under the umbrella of CSR activities, leads to consumer loyalty and increased revenue. Further the study also indicated the importance of advertising for providing information to consumers about the social welfare activities of the firm. Beside this the study also included the importance of media and T.V etc. in order to aware the consumers about firm's activities and increasing as well damaging the reputation. In this way the study concluded about the reputation of firm through CSR.

There are few studies discussing the Islamic view on CSR of Islamic banks from diverse angles. In this regard, Farook (2007) views performing CSR by Islamic banks as fulfilling a collective religious obligation (fardh kifayah) as financial institutions. On the other hand, Mohammed (2007) in his Ph.D. thesis argues CSR from an Islamic ethical system, based on four ethical axioms (unity, equilibrium, free will and responsibility) introduced by Naqvi (1981). Another Ph.D thesis which is written by Asyraf Wajdi (2005) discusses the concept of CSR from the Islamic worldview within the context of based on taqwa (God-consciousness) paradigm, maqasid al-Shari‘ah (the objectives of Shari‘ah) and the principles of maslaha serve as a foundation for understanding the view of Islam on CSR. The last one is a study done by Mustaffa, Faizah, Haslinda, Azlan, Hasan, Purwanto and Dayang Milianna (2012), that views the concept of CSR based on religious values and beliefs, from the principle of ‘ibadah and da’wah.

III. SURVEY METHODOLOGY

The data for this research was gathered form the recent years, online articles and review were researched for more information about CSR and budgeting. A questionnaire was sent to the managers of the “Marketing/public relations department” of the three major telecommunication companies in KSA (STC, Mobily and Zain). It was designed to get as much information as needed about CSR activities and budgeting decisions. The three companies completed this questionnaire on time and the information about the budgeting decisions were not specifically revealed, so each
company gave a hints about its own budget.

IV. DATA ANALYSIS AND FINDINGS
The questionnaire is filled by the three telecommunication companies in Saudi Arabia (STC, Mobily and Zain). The answers got from the managers of the Marketing\PR department who are responsible of all the CSR activities in their companies.

In the next section we will discuss the companies CSR activities, the reasons behind investing in CSR, the budgeting decisions, ethical business behavior and the problems the company may face when engaging in these activities.

A. Corporate Social Responsibility Activities
STC, Mobily and Zain think that CSR activities are a good investment decision for their companies to benefit from. The results shows that STC (Saudi Telecommunication Company) and Zain have code of ethics while Mobily has not. The three companies have a policy statement and programs and activities regarding CSR.

The Marketing and PR department in the three companies are responsible for managing and coordinating the CSR activities. The diagram below shows the area of social responsibility which is more significant for each company. (Fig. 1)

The most concrete actions towards community done by STC, Mobily and Zain are donation to organizations having social or environmental utility, Sponsorship of sport and cultural events, Cause Related Marketing campaigns and Partnership projects of social solidarity.

All of the three companies done a huge contribution to their communities. Some of the CSR activities taken by STC are, in 2006, 100 million Saudi Riyals were donated to build health care centers around the kingdom and it was the largest initiative from the private sector to support the medial sector in KSA.

In 2013, 91% of the STC employees were Saudis which support the saudization.

The short code service which done to encourage STC's customers via sending SMS's to donate for more than 70 charitable organization in Saudi Arabia.

At Zain, the main CSR objective were to focus on youth with an action plan comprising of involvement of (Shabab Tamouh) in on-ground CSR project (Youth program). Health awareness world diabetes campaign which addresses a key national health deficit and care for the needy by distributing 100,000 Iftar meals every year in Ramdhan in the high-density locations such as the holy mosque at Mecca.

Mobily launched "Yateek Khairha" program by sending SMSs awareness for all community members of the traffic safety. Second, Mobily elite program, which aims to draw national young talent with outstanding capabilities through competency – based selection methods, that seeks evidence of skills required to the jobs. Also Mobily take care of the environment with e-recycling program that they have implemented various energy saving measures.

B. Reasons behind Investing in CSR
Fig. 2 shows the level of importance of the reasons that makes the companies engage in CSR activities.

C. Budgeting Decisions
STC, Mobily and Zain set their Corporate Social Responsibility budget yearly and the sources of funding which allocated to CSR is from the annual allocation. 1-5% of the annual budget goes for the CSR in the three companies and it exceed 1000,000 Saudi Riyals. The percentage varies according to company profit and CSR plans and programs.
D. Ethical Business Behavior

Fig. 3 shows different statements and the agreement level from each company.

E. Problems the company face when engaging in CSR activities

Fig. 4 shows the problems related to the development of initiatives in the field of social responsibility faced by the three companies.

V. CONCLUSION

The private sector in Saudi Arabia has an increasingly important role to play in working with governments and other institutions to achieve key development goals, ranging from national competitiveness to human capital development.

The companies in Saudi Arabia are doing a good initiatives and continuing practicing CSR activities. The government encourages and support them by held the CSR Saudi Summit which welcomed over 100 attendees every year to debate and discuss how to develop sophisticated frameworks that create shared value and long-term impact on areas such as youth development, employment, education and local community development. The summit invite all the companies from every sector (Telecommunication, Banking, Petrochemical Industries, Agriculture & Food Industries, Insurance ….etc). At the end, they distribute awards to the most successful companies in practicing CSR.

A. Figures
Figure 4

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unimportant</td>
<td>Of little</td>
<td>Important</td>
<td>Very</td>
<td>important</td>
</tr>
<tr>
<td>Of little important</td>
<td>Moderately important</td>
<td>Important</td>
<td>Very</td>
<td>important</td>
</tr>
</tbody>
</table>

References


