

Dynamics of CSR in Saudi Arabia Telecom Sector

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Abstract

With the introduction of emerging technology and the development of social revenue opportunities, the worldwide telecoms sector has grown greatly in recent years. The telecoms industry began to grow in Saudi Arabia in 2003, shortly just after modernization. Saudi Arabia has constructed an increasingly competitive telecommunications industry with both the advent of foreign direct investment and government assistance. In today's dynamic world, things that were justifiable years ago have been brought into question—this same transformation from legislation to morality. And ethics is the only concern also on the opinion of everyone. An earlier company had lived with shareholder interest, i.e., shareholder income. Nowadays, the scenario is changing, as well as the significance of stakeholders is focused on more businesses. Empirical research indicates that these corporations had also profited from the value of stakeholders. The change entails corporate social responsibility for companies as well. The objectives of this research are to give an overview of the essence of the CSR practices of Saudi Arabia regarding the telecom sector. In specific, this examines the role and range of the practices carried out by telecom sectors regards to their corporate social responsibility even if the new CSR strategy can mitigate these critical challenges. Such businesses analyze the spending on CSR utilizing the material analysis to evaluate CSR practices and developments.

Keywords: *Telecom sector, developing economy, Corporate Social Responsibility (CSR), content analysis, corporate social reporting, pattern study, saudi arabia.*

Introduction

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The telecom industry began to develop in the Kingdom of Saudi Arabia (KSA), immediately after the 2003 modernization. Through support from the country, Saudi have created a highly competitive telecoms industry. The sector is currently controlled by three firms that own combined licenses: Saudi Telecom Company (STC), Etihad Etisalat Company (Mobily), and Saudi Arabia Mobile Telecommunications Service (Zain KSA). Many ISPs, mobile virtual network operators (MVNOs), and fixed-line service providers are all in the market. The progressive and consistent advancement in population has provoked requirements for ICT services in the telecom sector. The Communications and Information Technology Commission (CITC) and the Ministry of Communications and Information Technology (MCIT) have continuously developed a competitive environment and the development of infrastructures[1].Whereas the advantages are widespread and make sure modernization and advancement, the drawbacks in the development of the environment, livelihood, have been shocking. The goal of balanced growth and sustainable development suggests that businesses in this field regard the atmosphere and the broader ecosystem as their central operations. High doses of pollution emitted from cell towers need stringent environmental protection and surveillance. Telecommunications providers tend to be diligent on this issue. Regarding statutory environmental legislation, encouraging eco-sustainable practices and technologies is a significant step in sustained development, and corporate social responsibility is a significant aspect for multinational corporate organizations. The cycle of corporate social responsibility is one in which,

- (A) companies are responsible for their impact on society and the natural environment, sometimes exceeding legal enforcement and criminal liability [2];
- (B) companies are liable for the consequences of those associated with them (e.g., within supply chains) and
- (C) for economic or business reasons, businesses must handle their partnership with wider society.

Background

The telecom sector has been reliable with either the issues involved and the resultant impact on the minute claim of negligence on the individuals and communities in the view of regulatory authorities. These serious problems are the factors of an oriented and viable CSR strategy for this field. The main telecom issues are the ecological impacts of the industry, such as pollution, the socio-economic effect of the sector on local populations, and the economic problems generated by income inflows. That's the main reason the

telecommunication industry is one of the leading CSR funds raising industries. The telecom industry has been under the monitor of environmentalists, social scientists globally

In the telecommunications industry, there are important critical areas that suggest a comprehensive CSR program. Even when there are several critical elements, the layout of a CSR and sustainability method for an eco-friendly, safe, and equitable digital nation could have been at the core of four key areas [3]. They are,

1. Telecom Tower Emissions

The telecom towers connect the urban spaces. One can rapidly recognize four or even five neighbouring towers, occasionally. Not only can such towers require large quantities of fuel for electricity, but they release toxic radiation. However, the data centres are energy guzzlers that need substantial cooling capacity.

2. E-Waste

Telecoms services produce tons of e-waste. Often, the second sector reuses mobile phones, sim cards, wires, batteries, and other gadgets, but so many found their way through landfill sites or become pulled apart unsafely by unskilled men. Much electronic equipment contains heavy metals such as brass, cadmium, mercury, arsenic, etc. Those, if not treated correctly, will harm our climate and endanger the health of the people and societies.

E-waste contains a combination of both harmful and recycled raw resources. The raw materials have been of interest, and new things can be developed using them.

3. Stakeholders Health and Safety

There was also a disadvantage in the internet and mobile utilization.

Child Protection – Little kids simply don't know how to defend themselves from destructive things on the website. In a nation like Saudi Arabia that has a huge younger population. Though not exclusive to telecom companies, these problems are becoming common as children at earlier ages get exposure to mobile phones daily. Much less is being done to make kids, parents, and teachers aware of the consequences involved with the internet, and how to address them. The aim is to defend, deter, and encourage health.

Dangerous driving – Many drivers appreciate the advantages of having a mobile phone in the car with them though holding a handset while driving tends to an increasing number of accidents.

Health – Medical professionals have expressed questions about the links between smartphone susceptibility to EMF radiation and multiple health problems starting from sleep disturbance, memory problems, heart diseases, and neurological diseases, like cancer.

4. Influence on Biodiversity

There is a significant biological impact — not only are tower emissions caused by humans, but this also affects nearby birds, insects, and other wildlife. Its capacity to manoeuvre is often hindered. Consequently, telecoms are an essential and material issue. In this area, genuine efforts should be made to find feasible alternatives. In developed nations, CSR focuses entirely on socio-economic issues such as alleviating poverty, rural welfare, health care, skills growth, infrastructure projects, as opposed to Western CSR goals. Similarly, the CSR domain of Saudi Arabia is developed around socio-economic activities that contribute to achieving the policy objectives of the nation. In CSR, Saudi Arabia is pursuing patterns and structural approaches.

Literature Review

The organizational level role of CSR and sustainability is described in various ways depending on relevance, requirement, time, and meaning, as shown in Table No.1. The theory of stakeholders maintains that the company is fundamentally about establishing partnerships and generating interest for all stakeholders involved. Although the distribution of stakeholders will vary depending on the company's market and business model, the main stakeholders typically include staff, consumers, governments, vendors, and funders (owners, investors). All of these shareholders are equally important to the company and will preclude any inter-stakeholder trade-off. The managers now have to consider ways to steer those desires in the same direction. CSR covers healthcare, advocacy, sustainability programs, and equal working conditions for society-oriented business operations. By comparison to stakeholder philosophy, CSR does not help to determine what company is all about, nor does it try to define the general collection of obligations. Rather, CSR relies on one pillar of corporate responsibilities to ensure company success – transparency for local communities and society as a whole. While stakeholders can often group social roles, social orientation will always prevail [4].

Although organizations and companies have to operate under the legal guidelines provided by the legislation, the legislation will decide the regulatory system for ads, reporting structure, and access to public funds. Annual financial statements hold undertakings accountable to their owners. By monitoring, few businesses have extensive or detailed market intelligence.

This tracking would then report directly into the policy cycle to bolster positive slides or rising spending after meeting appropriate media goals. These factors combine to create the single instance an effective forum for CSR prosecution and to introduce a responsibility framework in operation. Further study will broaden that concept to procedures of government operations other than marketing. Alternatively, adapting the concept to policy practice could enhance government performance by exposing vulnerabilities and limitations inherent in procedures and providing incentives for the government to become more economically responsible [5].

In [6], the author is suggesting, several ways to implement CSR in business. His recommendations have included recognition of the competing principles that reside in both society and market problems. After this, to notify both society and business about what's at risk and how a solution to these problems would impact society's fundamental beliefs. The basic moral standards integrated into the organizational conduct may implement most of the applied ethics that secular thinkers, scholars, and corporate critics had also created. Philosophical thinking can be used to explain any of the market legal dilemmas. Managers are more likely to accept ideas from anyone they consider to be both accurate and intelligent. If the moral system in the executive suite is to gain headway, academics and management scholars need to combine and share their skills. Guideline of technologies and frameworks that allow businesses to show social modelling, auditing, environmental monitoring, management problems, ethics training programs, creation, application of ethics codes, and other types of social technology.

A study [7] suggests how organizational decision-makers can raise CSR to increase telecom sector corporate performance. The complex Data Envelopment Analysis (DEA) model, which includes carrying-over processes, helps measure the corporate efficiency and analyse how the success of such firms that implemented their CSR was greater than those of those companies that failed. The result of this research suggests that in those companies which followed CSR, the DEA production value was better than in those firms that did not. Empirical findings indicate that those companies which applied CSR might reduce financial recession 's effects. In the second point, this analysis implemented Ordinary Least Squares (OLS) and two Least Squares (2SLS) phases to investigate the impact of the CSR implementation level on performance. The results demonstrate that the application of CSR in the telecom industry has a positive effect on corporate success.

Consequently, it can be stated that the telecom industry's overall organizational performance can be improved if organizations apply CSR activities in community, diversity, worker relations, human rights, and product dimensions. The findings of this study may help the policymakers in the telecom industry develop and implement rules that included the dimensions of CSR and facilitate corporate decision-makers to strengthen their corporate performance by implementing the dimensions of CSR. The writers have suggested that, if the frameworks and techniques used in this research are replicated in related experiments on other sectors, long-term performance in a wider variety of industries can be explored.

Research Methodology

The key parameters of this analysis were defining the areas of attack, activities on the CSR front by the whole, the pattern of expenditure, and level of coverage.

This paper has the function of

- To examine the present state and nature of the practices of corporate social responsibility conducted and introduced by the telecom companies.
- To determine whether the existing CSR strategy can provide information from the telecommunications industry on these wider topics.

For this study of that dynamic context, a quantifiable method is employed. Review of the importance of the related CSR strategy statements, financial reports, sustainability reports of the listed organizations was conducted. From their web site, the related data on CSR expenditure and expenditure trend is analysed.

Three main telecommunication sector companies were selected for the study. Those three companies' annual statistics and sustainability reports have been investigated in detail, and data collection has been carried out. They included all major fields of CSR coverage including climate, health, and hygiene, community involvement, enhancement of knowledge and skills, among those related to discrimination and the employment of people with disabilities. The paper also researched the trend of expenditure and expenditure, justifications for being not prepared to spend the quantity recommended.

Analysis and Discussion

i. STC's Report on Corporate Social Responsibility

STC is Saudi Arabia's largest and leading company in networking and information technology. The operations are aligned with CSR and development strategy, which was unveiled in Saudi at the end of 2017. The main purpose of this arrangement was to provide full benefits to Saudi society from the company's corporate responsibility initiatives. The

strategy helps to build a strong environment in the Kingdom amongst companies. The framework involves four phases: status quo review, policy impact evaluation, and social programs adopting and developing [8]. The key elements of the sustainable plan are,

- Communicate via Technology
- The growth of human resources and health
- Business Policies
- Build potential Online solutions

These policies were adopted by STC to achieve positive natural, social, and economic growth. This agreement reflected that STC would be prepared to achieve successfully,

- Invest in social services
- Technology Enabling
- Youth empowerment
- Make women empowered

The organization developed several medical centres in 2018 with the support of the Ministry of Health, which could serve millions of citizens. A budget of around SAR 100 million has been used for this. It partnered with the Municipality of Riyadh to fund the initiative "King Salman Science Oasis" in Riyadh and invested around 50 million SAR. This initiative primarily aims at promoting science and technology for children and young adults. It has also contributed SAR 5 million to the King Salman Bin Abdulaziz Centre for Heritage of Culture and Civilization to motivate the Riyadh people to succeed in science and technology. STC has helped contribute SAR 6 Million to form Saafah Foundation for accountability and transparency to improve the effectiveness of transparency, integrity, and justice. An amount of SAR 6,000,000 was contributed to the National Institute of Entrepreneurship. An autonomous, regional, non-profit organization set up by the Ministry of Energy and the General Technical and Vocational Education Organization. This was established primarily for empowering small and medium-sized entrepreneurs. Ten thousand projects have been developed since the institution's establishment. Collaborating with Prince Mohammed bin Salman bin Abdul- Aziz Foundation (MiSK) is aimed at promoting the sharing of information and improving the involvement of young men and women in the Kingdom. The company benefits by financing the Inspire U Incubator to empower business people. This support allows the incubator to offer the right programs, guidance, and technological approaches and to select incubated projects. The maximum number of projects initiated was 28, with investment-value SAR 34,000,000. Table 1 provides information on the company's

money spent on CSR for the year 2018. The list is based on the company 's 2018 annual report [8].

Table 1

CSR Expenditure by STC in 2018

Beneficiary	Amount (SAR)
Medical Centres	100,000,000
King Salman Science Oasis project	50,000,000
King Salman Bin Abdulaziz Centre for Culture and Civilization Heritage	5,000,000
Saafah Foundation for Transparency and Integrity	6,000,000
National entrepreneur Institute	6,000,000
Entrepreneur Empowerment	34,000,000
Total	201,000,000

This company's revenues in 2018 are SAR 51,963,000,000. In the year 2018, the organization achieved net income during that year is SAR 30,546,000,000. The company's 2019 revenue [9] is SAR 54,367,000,000. In the year 2018, the organization earned net revenue in that year is SAR 32,391,000,000.

ii. Mobily Contribution to Corporate Social Responsibility

Mobily has accessed its # UpForIt project to motivate and inspire the younger generation to confront the difficulties. This is achieved for culture, education, and art promotion in 2018. Mobily's Bounty program has been to inspire its workers and the general public to preserve water, electricity, and other non - renewable resources. Multiple sponsorship deals have been conducted, and the Emirates of Makkah Province coordinated a national media campaign during the Hajj season for pilgrims. It has donated funds to Ensan, and the Orphans Support Charity Commission. It has donated to the Association for Cancer Treatment for Sanad Children (Riyadh), the Takaful Charity Association for Orphan Care (Madinah), the Ekhaa Charity Association for Orphan Care (Khobar) and the Aaba Charity Association for Orphan Care (Asirregion) [10].

Together with King Fahd Medical City in Riyadh, a five-day blood donation drive was launched to demonstrate the value of blood donation and how hundreds of patients need blood. This transmits messages of charity recognition via social media. Mobily also hosts family and teens events in Saudi Arabia in the assistance of both awareness and enjoyment. It has several social causes, such as environmental protection, sports, and waste management. It has one of Saudi Arabia's world's biggest wireless coverage area with the worldwide largest data centre systems. This also appears to care for its workers' prosperity through financial assistance.

iii. Contribution of Zain on Corporate Social Responsibility

From the annual report, Zain says that it has put a lot of work into establishing its sustainability strategy and developing success metrics to construct a more organized and evaluated strategy in all of its operations. Zain related the indicators with ecological limitations and social levels to the UN Sustainable Development Goals (SDGs). It also marked the official introduction of the Zain Youth Portal through Zain markets to offer a more comprehensive solution to community growth and empowerment. Inside the Zain Group, the following operating organizations have found major advances in recognizing major challenges by incorporating or persisting projects and programs that offer running effectively to all. The service providers varied from involving the group more to participating in supporting academic goals. The sustainability initiatives are also related to the SDGs as a core goal. Such practices guaranteed that perhaps the services launched [11] would directly support the broad Saudi population.

Zain Saudi Arabia has received the 2019 prize of 'Best MEA Telecom Operator in the MEA' from the Comms MEA Website. The business has been recognized for its innovation in delivering, among other factors, integrated mobile broadband strategies, customer experience, and operational performance, including the commitment to play an integral role in the Kingdom's ICT sector [12].

iv. Comparison of CSR Activities of STC, Mobily and Zain

The STC, Mobily and Zain CSR practices are evaluated the financial reports, responses collected for the survey questions from the managers within an organization for all CSR activities in such businesses and 100 clients in any of these companies. STC, Mobily, and Zain believe that to benefit their firms; the CSR programs are a good investment choice. The results suggest that while Mobily doesn't even have an ethical code, STC (Saudi Telecommunication Company) and Zain do. The three organizations, as well as the CSR programs and activities, have a management strategy. The graph in Figure 1 indicates the corporate responsibility participation of those three businesses.

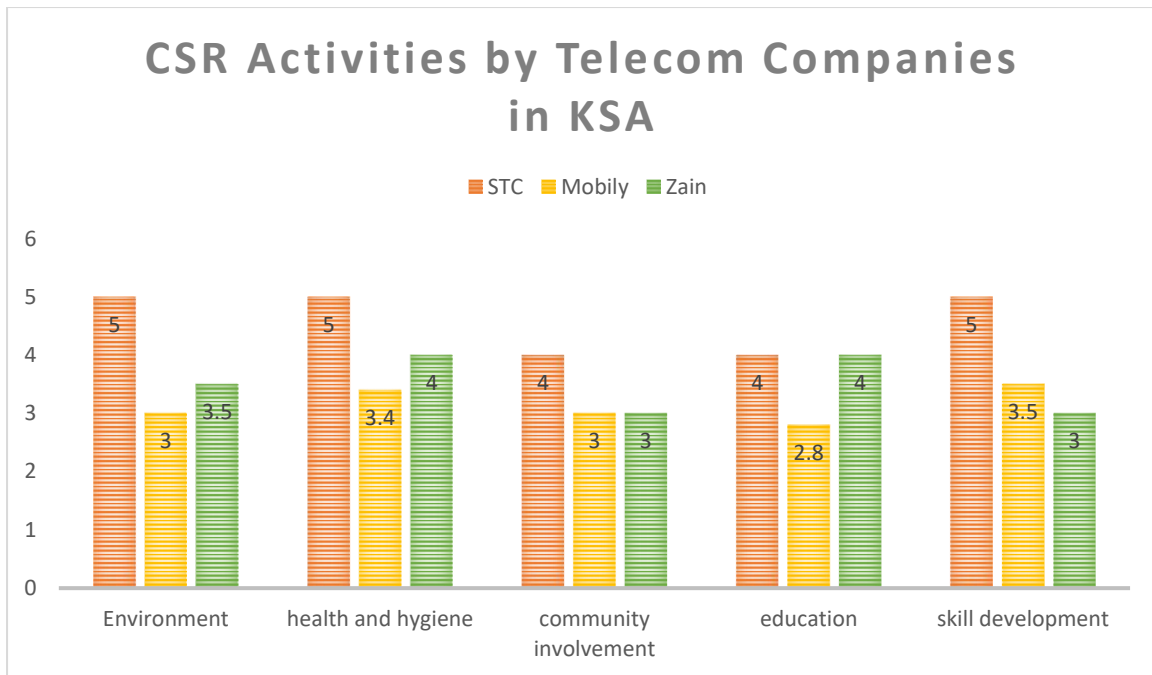


Figure 1. Involvement of Telecom Companies in CSR

The most noticeable efforts of STC, Mobily, and Zain against the citizens are contributions to environmental and social service providers, sponsorship of sport and cultural events, issues relevant to awareness drives, and programs of global unity partnerships. The three businesses have made tremendous sacrifices to respective societies. In 2006, STC contributed 100 million Saudi Riyals to develop national healthcare centres in the Kingdom; it was the largest private initiative to help the corporate sector of KSA. Also, based on the content review, it is observed that STC, Mobily, and Zain agree on the overall budget for Corporate Social Responsibility, and the funding mechanisms committed to CSR are from the yearly allocations. Throughout the three businesses, 1-5 percentage of the annual funding goes to the CSR, which reaches 1000,000 Saudi Riyals. The proportion varies as per the strategies and services of the business income and the CSR. STC is noticed to become more proactive in CSR initiatives between the three sectors. STC initiated audit in 2013, of which Saudis were 91 percent of the STC staff. At Zain, the main CSR aim was to focus on youngsters with an implementation plan. Mobily launched a system named "Yateek Khairha" by submitting people's road safety awareness post. Mobily Elite program that tends to empower rapidly improving young talent by skill-based screening processes, that seeks evidence of the skills needed for jobs. Mobily often protects the environment through the e-recycling system, which they have introduced numerous energy-saving initiatives.

Although spending on STC 's CSR is nearly 2 percent of the specified net income, the other two organizations do not invest the prescribed amount. The explanations given for the less than recommended spending are,

- Works postponed and begun late.
- Transition phase: Another significant reason for being not willing to spend the adequate amount was that the existing projects were in the execution phases when the scheme is expected to advance. The funds spent in the programs weren't entirely used in some situations; the programs were already under progress.
- Pending Bills

The investment trend is examined through multiple heads of distribution for CSR funds. Analysing by communicating with heads and members of the CSR and reviewing national policies thoroughly, this was found that several problems are confronting the companies. The steps to develop in,

- Organizations are measured by measuring the economic as well as the non-financial effect of CSR activities. The impact on communities and society at large affects the brand and the image. The CSR measures would focus on long-term consequences and costs rather than emphasize short-term needs.
- Although the recommended investment on CSR increases in consecutive years, there seems to be a difference between actual investment and ground-level specifications. Although the nation is treating the companies gently on the sum of unallocated CSR, it has not overlooked that it is dedicated to adding a price aspect. A committee was established in that aspect to examine the investment since it corresponds to thousands of dollars. The concern would be that this huge amount has been used to its advantage and is not becoming a collection of complex programs with myopic goals or only on the chase to suit the CSR capital with little or no social impact as "guilt money."
- Telecom corporations are much more concentrated on regulation than on key sectors of CSR, thereby explicitly focusing on regions that are targets for the government. We pursue it more for the related rewards. In the course of determining the appropriate projects, partnering with the right organization, or creating an effective department/foundation, the businesses are still attempting to execute their CSR projects appropriately.

During this point, there is a desire to concentrate on how organizations will use technologies to interact with society effectively, instead of only throwing a part of the income into CSR operations. After it has been applied, the laws are modified to make them accessible so that inconsistencies can be compensated, and the required integration is established. A major change in this program is the promotion of social entrepreneurship, ensuring that employment opportunities and environmentally advantageous products are obtained.

Conclusion

Currently, CSR has come back down to explain and reconfigure the objective of the company. The question is to decide if the goal of the company is to survive or to benefit owners or stakeholders. The corporate aim is to function effectively by ensuring human well-being consumers. In the opinion of David Packard, the co-founder of Hewlett-Packard: Why are we here? Most people wrongly think a company exists purely for profit-making. People work together to live in an organization so that they can individually be doing something that they cannot achieve individually-they contribute to society. The telecoms sector is a key element of the sustainable consideration due to the various environmental concerns mentioned above, such as emissions from telecom towers, e-waste, health and protection of customers, impacts on ecosystems. Additionally, when concentrated, emissions from cell towers can lead to many health issues interference has also been the focus of telecommunications companies ever since, but the emphasis is focused on effects and associated with a greater issue. The present exercises often called for the practical incorporation of CSR in the DNA institutions with clarification and consistency. The internal contribution of the business in the telecom field makes it more socially sensitive when evaluated. Telecom corporations in Saudi Arabia are adopting serious steps and are looking to follow up on CSR programs. The government supports and helps them by organizing the CSR Saudi Conference annually, with over 100 respondents. They investigate and examine ways to develop advanced structures that create shared engagement and long-term influences on issues like youth development, employment, schooling, and neighborhood development. The summit accepts all businesses from all industries, such as telecom, finance, petrochemical, food and agriculture, insurance, etc. The prizes are given to the most leading companies in CSR strategies at the end of the workshop.

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