

Article

Non-Financial Benefits of Corporate Social Responsibility to Saudi Companies

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Abstract: In Saudi Arabia, as in the international arena, corporate social responsibility (CSR) is a trending phenomenon that has been transforming and influencing government policies, business strategic management, and societal relationships. This study aims to identify the non-financial benefits of CSR and the general CSR approach in Saudi Arabia. A survey was conducted among randomly selected Saudi companies from the manufacturing and service sectors. Descriptive statistics on company profiles, CSR approaches, and CSR benefits were analyzed. The findings demonstrated that the most prevalent CSR approach is to minimize the negative impacts and maximize the positive impacts of the business, considering the social, environmental, and economic aspects. The non-financial benefits from CSR activities include attracting and retaining employees, improving brand reputation, and enhancing innovation. The main limitations of this study involve the relatively small sample size and the lack of longitudinal data to analyze the effects of the variables over time. The study findings not only provide deeper insights into CSR approaches and non-financial benefits but could also encourage firms' managers and stakeholders to improve CSR activities to better achieve non-financial benefits and improve competitive advantage.

Keywords: corporate social responsibility; stakeholder theory; value-based corporate governance; spiritual perspectives on CSR; non-financial CSR benefits



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1. Introduction

The importance and role of the government and businesses in society has changed dramatically amid rising concerns of social responsibilities that assume strategic significance in both the developed and developing world [1–3]. Currently, corporations are engaged in social responsibilities and actively contribute to economic development [4]. Hence, the economic development of a nation, its business strategies, and social responsibility are characteristically intertwined [5]. Development programs in many countries have had detrimental impacts on the environment and society at large, including natural disasters, pollution, and social inequalities [2,6]. The competitive business position and national development of a country and the social welfare of its citizens are inextricably linked to social, environmental, technological, and competency opportunities and benefits [7]. These benefits can only be managed and expanded through corporate initiatives in partnership with the government [8]. Therefore, urgent demands and pressures from different stakeholders have led to the emergence of corporate social responsibility (CSR) as a key solution to many socio-environmental challenges, where CSR relates to companies' responsibilities and commitments to the communities for the benefit of the environment and society at large [9].

Carroll [10] defined CSR as company practices and structures that develop and support social and environmental standards, generating benefits for the communities in which they operate. However, Lee [11] noted that there were no regulations or universally accepted corporate standards that ensured that local or multinational corporations met the social and

environmental standards that are beneficial to their communities. Before the 20th century, organized stakeholders were increasingly demanding that companies have frameworks to internalize social and environmental goals and benefits [12,13]. According to Freeman [14], the push encouraged many companies to take up the initiative to appease their stakeholders. CSR is an inbuilt and bottom-up response emerging from the socioeconomic environment and the satisfaction of stakeholders' interests and benefits [15,16]. Porter and Kramer [17] reported that the possible non-financial benefits from CSR practices can arise due to the stakeholders, particularly customers, as they demand better products and services. Heslin and Ochoa [18] demonstrate that CSR improved worker efficiency and retention because of the inherent motivation effect. Eberhard-Harribey [19] and Husted and Allen [20] showed that CSR signaled product quality and innovation.

CSR has gained momentum as a yardstick for international investment treaties and tribunals. More frameworks and models demonstrating investors' obligations to CSR values are changing the sense of balance of international investment treaties, thereby calling for more structure and broader scope in CSR [21].

CSR as a conventional concept is used as the embodiment of social development, welfare benefits, and justice for all from the Western perspective, with mainstream research on this concept still rooted in Western settings and orientations [22,23]. However, the concept fails to elucidate the non-materialistic commitments of firms toward the environment and all internal and external stakeholders to the firms, as shown in many non-Western societies in the Middle East and the rest of Asia, which have a socioreligious orientation in implementing CSR from a philanthropic perspective [24]. As globalization of production and markets continues to change the economic development discourse and sustainability of human activities in this area, other researchers from developing nations are questioning the domination of their Western colleagues in the understanding and implementation of this important concept, which is crucial for all [25]. Limited studies have investigated, both theoretically and empirically, the multiple facets of CSR in emerging economies such as Saudi Arabia [24,26]. However, the role of business in societal responsibilities in Saudi Arabia has been observed for 14 centuries [4]. CSR as a model is embedded in the sociocultural and religious teachings of the Islamic faith, which is practiced in Saudi Arabia [22,27,28]. The CSR framework and approach from the Islamic point of view provide a conventional understanding [24]. However, limited research has yielded scattered guidelines [23]. The gap in the global context and the multifaceted aspects of this important concept have consistently led to extensive studies on CSR from all corners of the globe to elucidate the contribution of other international stakeholders [29].

The present research intended to explore the CSR approach by Saudi organizations and the non-financial benefits of CSR in this developing nation with a historical and important place in the Middle East. As per our knowledge, this is the first study regarding the non-financial benefits and the relationship between firms' codes of ethics in Saudi Arabia, CSR approach, sector, size, and type of certification. Currently, studies from Islamic and emerging countries discussing CSR practices and their links to sustainability include those from India, Bangladesh, and Malaysia [28]. However, this study in the Saudi context will add to the conventional CSR concept from a spiritual and value-based approach and shed light on CSR practices and their effect on non-financial benefits. Specifically, the study attempted to answer the following questions:

- What is the CSR approach by Saudi companies?
- What are the non-economic benefits of the adoption of CSR practices in Saudi Arabia?
- What are the relationships between CSR benefits: attracting and retaining employees, innovation, brand reputation with codes of ethics, CSR approach, sector, company size, and type of certification?

2. Literature Review

2.1. Corporate Social Responsibility

CSR has been in both academic and business discourse for a while now, with several descriptions, explanations, and practices, demonstrating its development over time [30]. The concept is currently understood to cover many areas, including environmental sustainability, community investment, business ethics, and corporate governance. Conventionally, from the Western perspective, CSR is about doing business sustainably and ethically and being responsible for the well-being of all stakeholders as well as for the sustainability and reputation of the business.

However, this conservative approach is concerned only with the physical qualities to meet the goals and various opportunities of investors and does not cover the spiritual obligations of the firms within their environment and communities [24,31]. Stakeholder theory by Freeman [14], as a political theory, has ethics and integrative forms of analytical frameworks of different design measures of societal non-financial benefits [32]. Other authors believe that CSR is practically demonstrated by companies' concerns and responsibilities in connection with community or stakeholder relations [3,17], philanthropic and multi-sector collaboration, and volunteer activities [33].

Global CSR studies also imply that other non-materialist obligations, ethics, and values strengthen and support CSR, although their types, foundations, and significance may vary across societies. For example, socioreligious societies in the Middle East, India, Russia, and other Asia-Pacific countries have different perceptions and implications of the phenomenon [24,31], and all are relevant to CSR. Hence, simply using the conventional CSR approach without looking at the varied perspectives might not provide a true picture of justifying these non-Western CSR perspectives and practices.

As such, CSR is a phenomenon that has several interpretations in different disciplines and stakeholder groups. Thus, it offers many different orientations, approaches, and responses. Few studies, however, look at the link between the concept of non-Western societies and non-financial benefits. Mainstream literature and empirical studies on CSR have examined the financial performance and profit aspects of the concept [34]. Arguably, the conventional CSR philosophy and frameworks are limited as they do not demonstrate an all-inclusive universal framework based on the varied contexts worldwide [31]. Importantly, conventional CSR lacks the moral and religious obligations other societies place on business [23]. Therefore, obligations other than materialist commitments may promote the development of firms with a comprehensive approach to CSR. This type of CSR will provide firms with broader orientations, approaches, and responses and diminish the difficulties related to the different contexts, all of which will ease CSR implementation.

2.2. CSR in Saudi Arabia

CSR in Saudi Arabia, as in the international arena, is a trending phenomenon that has been transformed and influences government policies, business strategic management, and social relationships [35–37]. Substantial progress in the concept of CSR in the Kingdom has resulted in the Saudi Arabian Responsible Competitiveness Index (SARCI), a tool used by different stakeholders in the field of CSR collaborating to make the impact of CSR as practical and useful as possible [35,38]. The Saudi government, through the Saudi Arabian General Investment Authority, has also accentuated the need for businesses to show better commitment concerning the social, environmental, and governance performance of firms for the benefit of stakeholders [39]. In 2017, the Saudi government issued and enacted a code of corporate governance aimed at harmonizing Saudi with international standards of corporate governance, including CSR principles. This shows how important this concept has become and that it has taken a vital position in the progress of Saudi society. The aims and goals of the government's new plan, Vision 2030, are focused on the sustainability of social development goals. All of these have a satisfactory number of deliberate goals that support overall CSR initiatives and guidelines in the country. As identified in Hong Kong, sustainability activities have important contributions to CSR [30], and this is equally

and highly advocated by Vision 2030 and the broad sustainable society indicators [40] (see Table 1). The analysis of the Saudi Vision 2030 sustainability indicators against the SDGs demonstrates a handful of synergies and complementarities. It recognizes that both the SDGs and the Saudi Vision 2030 call for inclusive processes of development whereby all stakeholders participate, not only in realizing achievements but in sharing their benefits, as well.

Table 1. Sustainable Society Indicators and 2030 Vision goals.

Sustainable Society Indicators	2030 Vision and 2020 NTP
Personal Development	Improve integration and continuity in service provision by developing primary care
Healthy Life	Optimize the use of renewable water resources for agricultural purposes
Education Opportunities	Develop sustainable, highly efficient production systems for plants, livestock, and fisheries; increase the value added of these target products to contribute to the diversification of the Kingdom's production base
Gender Equality	Promote sustainable and balanced urban development and improvement in the level of quality of life in cities and regions of the Kingdom
Clean Environment	Boost satisfaction level of population, private sector, and governmental agencies in their participation in the planning process
Well-balanced Society	Improve the population growth rate in small- and medium-sized cities compared with the population growth rate in major cities
Good Governance	Create job opportunities in small and medium enterprises
Employment	Provide a healthy local environment
Distribution of Public Debt	Continuously enhance quality of life by providing cities with public facilities and infrastructure of high quality and efficiency
Sustainable Use of Resources	Contribute to ensuring sustainable food security for the Kingdom
Waste Recycling	Optimize the use of renewable water resources for agricultural purposes
Use of Renewable Water Resources	Preserve, protect, and develop the environment
Consumption of Renewable Energy	Rehabilitate agriculture terraces and application of rainwater collection technologies in the southwestern area of the Kingdom
Sustainable World	More than double the number of Saudi heritage sites registered with UNESCO
Forest Area	Preserve vegetation of pastures and forests
Preservation of Biodiversity	

Source: Adapted from the relevant National Transformation Program (NTP) strategic objectives demonstrating CSR.

Saudi Aramco, the biggest organization in Saudi Arabia, defines and approaches CSR as “transparent and ethical behavior that is sustainable and stakeholder driven” [41]. The CEO of Saudi Re [42], in their annual report, asserts that their framework on CSR and sustainability is built on “six pillars: national contribution, strong governance and economic performance, responsible customer relations, environmental protection, sustainable insurance, and community care” (p. 2). Family-owned businesses in the private sector also contribute to CSR in Saudi Arabia, with autonomous philanthropic offices and family governance that demonstrate the deeply embedded culture of philanthropy [43].

2.3. CSR Benefits

According to the literature, for over three decades scholars have studied the relationship between CSR and firm performance. Although results are mixed, the trend seems to suggest a moderately positive relationship between these two variables. However, benefits

of CSR are numerous and include those beyond the “purely” financial [44]. The present study intended to explore the following non-financial benefits of CSR activities: attracting and retaining employees, brand reputation, and innovation.

Retention of workers has significant implications for the financial and non-financial results and efficiency of companies [45,46]. Based on the theory of employee justice, companies proactively demonstrating CSR can reduce employee turnover [47]. Other studies also indicate that employee well-being, in terms of workplace satisfaction and tension, is influenced favorably in working conditions that provide equal opportunities for all [48]. Equal job conditions, which reduce workplace absenteeism and ensure high rates of employee participation, often influence organizational performance and a company’s competitive advantage [49]. A firm’s CSR activities can transmit important details to workers in which they determine a company’s sense of justice [47]. Yang and Kim [49] suggested that CSR tends to improve the efficiency of employees’ performance and, subsequently, the company’s competitive advantage. These internal social practices help enhance employee motivation, satisfaction, and consequently, retention. Thus, firms that practice CSR and proactively and consistently demonstrate concern for justice and treat employees well have increased levels of employee retention [50,51].

Sharma and Vredenburg [52] identified that companies that engage in societal and environmental programs foster product and process innovation. McWilliams and Siegel [53] demonstrated a strong relation between CSR and innovation. Nidumolu et al. [54] stated that firms engaging in sustainability and CSR activities are more inclined to profit from technological innovation from these activities. In their study exploring the relation between CSR and innovation in French companies, Bocquet and Mothe [55] showed that large and small companies create value through innovation driven by their strategic CSR. According to Luo [56], CSR activities and performance force firms to acquire the knowledge and resources needed to enhance technological innovation. Wang et al. [57] found a positive relation between CSR and innovation performance in high-polluting firms. According to Yang and Li [58], the strategy of including CSR to gain a competitive advantage has a significant and positive effect on innovation performance. Lee [59] found that CSR has a strong positive impact on market value.

Brand reputation is characterized as “outsiders’ assessments about what the organization is, how well it meets its commitments and conforms to stakeholders’ expectations, and how effectively its overall performance fits with its sociopolitical environment” [60] (p. 169). Previously, firms had to show corporate responsibility with initiatives targeting areas such as environmental concerns, employees’ work–life balance, and poverty reduction to build up a brand image [61]. However, CSR has been adopted as a tool to gain a competitive advantage as it builds on the brand image of firms [62]. Companies’ CSR practices relating to the environment, community, workplace, and marketplace also enhance brand equity [63]. Pinto and Allui [64] found that the improvement of the corporate image is one of the main drivers of CSR practices.

At present, digital technology and customer awareness regarding firms that are concerned about the environment and other stakeholders are likewise influencing the decision to adopt CSR [61]. Rapid progress in digital technology has made firms become aware of their responsibilities and customer demands amid their thrust to obtain high value for their goods. Particularly, social media platforms have empowered modern consumers and other stakeholders with the knowledge to comprehend firms’ activities and stakeholders’ responsibilities and expectations for them to judge any firm’s reputation. Creswell [65] noted that firms gain brand equity through their CSR activities, which augment a firm’s reputation. Hence, in the current business environment, CSR and brand reputation are positively associated. Di Giuli and Kostovetsky [44] asserted that firms that practice coherent and long-term CSR openly identify non-financial benefits that are impossible to ignore. In sum, CSR activities demonstrate to different stakeholders the firm’s positive physiognomies, which can be a tool to enhance its reputation. Other empirical studies have revealed some methodological challenges in designing a CSR framework and model.

Specifically, one challenge involves the causality between CSR and non-financial company benefits, which are particularly relevant in the identification of a positive relationship [66]. Furthermore, new variables need to be considered, especially in the other regions and communities around the globe, as the concept lacks a globally accepted definition and has an unclear scope. Techniques that are more sophisticated also need be implemented to include a contextual and global model that demonstrates appreciation of sociocultural and environmental factors. Research that could measure the effects of the different potential value-increasing components of CSR is still needed. These aspects can be measured using set targets, key performance indicators, and other tools. The biggest benefits would evidently be the long-term improvements in the company's reputation.

To investigate how non-economic benefits are related to the company sector, firm size, certification, code of conduct, and CSR approach, we formulated three main research hypotheses:

Hypothesis 1 (H1). *Innovation has a significant relationship with (a) codes of ethics, (b) CSR approach, (c) sector, (d) company size, and (e) type of certification.*

Hypothesis 2 (H2). *Attracting and retaining employees have a significant relationship with (a) codes of ethics, (b) CSR approach, (c) sector, (d) company size, and (e) type of certification.*

Hypothesis 3 (H3). *Brand reputation has a significant relationship with (a) codes of ethics, (b) CSR approach, (c) sector, (d) company size, and (e) type of certification.*

3. Research Method

The study randomly selected Saudi companies from the manufacturing and service sectors using a database from the Riyadh Chamber of Commerce and Industry. The study was based on a survey, and respondents were mostly executive managers of the firms—policymakers who have extensive knowledge of and experience with the firms' strategies, operations, and success. The study also examined the annual reports of top companies in Saudi Arabia as secondary data to triangulate the overall data [67].

We collected primary data through a survey that included independent demographic variables and statements pertaining to CSR in manufacturing and service companies. The instrument was designed based on previous studies and literature, modifying the questions to be relevant to the Saudi context. We validated the survey by conducting a pre-test with six companies from different sectors. We sent the questionnaires by e-mail or personal delivery to senior executives, to whom we explained and justified the study's main objectives. Based on the results of this pre-test, we removed some questions and rephrased others according to the suggestions made by the participants in the pre-test. Primarily, we improved the questions to provide additional clarity and to suit the Saudi Arabian context. The main goal of this stage was to identify possible difficulties with the interpretation of the questionnaire and to eliminate or reformulate unanswerable questions.

The questionnaire contained both closed- and open-ended questions in two sections. The first section was on demographic information: business sector, number of employees, sex, age, job position of the respondent, and if the company has a code of conduct and is accredited with any quality system. This content was useful in the analysis of implicit relationships. The second section investigated the CSR objectives and benefits. We used five dimensions to measure the CSR approach and orientation of the firms: strong corporate governance; management of environmental impacts; minimization of negative impacts; maximization of the positive social, environmental, and economic impacts of the business; philanthropy and charity to community; and economic orientation. Once the information was collected, the next step consisted of data analysis and interpretation. The collected data were numerically coded and analyzed by frequency, mean and standard deviation scores, and inferential statistics using IBM SPSS Statistics for Windows, Version 27.0. In particular, the statistical analysis included measures of descriptive (absolute and relative frequencies,

means, and respective standard deviations) and inferential statistics. The significance level for rejecting the null hypothesis was set at $\alpha \leq 0.05$. Student's *t*-test for one sample and multiple linear regression were used. Qualitative variables were transformed into dummy variables. The assumptions of multiple linear regression, namely, the linearity of the relation between the independent and dependent variable (graphic analysis), independence of residuals (Durbin–Watson test), normality of residuals (Kolmogorov–Smirnov test), multicollinearity (variance inflation factor and tolerance), and homogeneity of variances (graphic analysis) were analyzed and generally satisfied.

4. Results

4.1. Profile of Companies

The questionnaire was returned by 136 companies, of which 94 were validated, resulting in a response rate of 69%. The study used convenience sampling, considering the context of data collection difficulties in an emerging economy. According to Table 2, of the companies studied, 77.7% were from the service sector and 22.3% from the manufacturing sector. The majority of the firms surveyed (62.8%) were large companies with more than 500 employees, while 20.2% had between 100 and 500 employees and 17% had less than 100 employees. Notably, 67% of the respondents were female and 33% were male, with ages between 20 to 56 and older. The respondents were asked whether they had a code of conduct or not. Almost all companies had a published, public code of conduct, with 90.4% of the companies answering yes, and 9.6% answering no. Moreover, 81.3% of the companies surveyed had a management-certified system in accordance with international standards.

Table 2. Descriptive statistics of the surveyed companies.

Demographic Characteristics	Item	Frequency	Percentage
Sector	Manufacturing	73	77.7%
	Service	21	22.3%
Firm size (number of employees)	1–99	16	17.0%
	101–499	19	20.9%
	More than 500	59	62.8%
Sex	Female	63	67.0%
	Male	31	33.0%
Age (years)	20–25	18	19.1%
	26–35	43	45.7%
	36–45	18	19.1%
	46–55	11	11.7%
	56 and older	4	4.3%
Code of conduct	No	9	9.6%
	Yes	85	90.4%
Certified systems	No	16	4.3%
	Yes	78	81.3%

4.2. CSR Approach

We examined the CSR approach of Saudi firms using descriptive statistics. As shown in Figure 1, the CSR approach in a majority of the companies ($n = 33$) involved minimizing the negative impacts and maximizing the positive impacts of the business by considering the social, environmental, and economic impacts. For 28 Saudi companies, the approach was to ensure strong corporate governance in order to offer a clear, concise, and balanced view of the company's financial situation to shareholders; this involved generating accurate financial reporting beyond basic honesty. For 22 companies, the main goal of the implementation of CSR practices was to manage environmental impacts in order to reduce the consumption of energy, water, and waste. For few companies, CSR was about philanthropy ($n = 7$) or ensuring continuity of the business ($n = 6$).

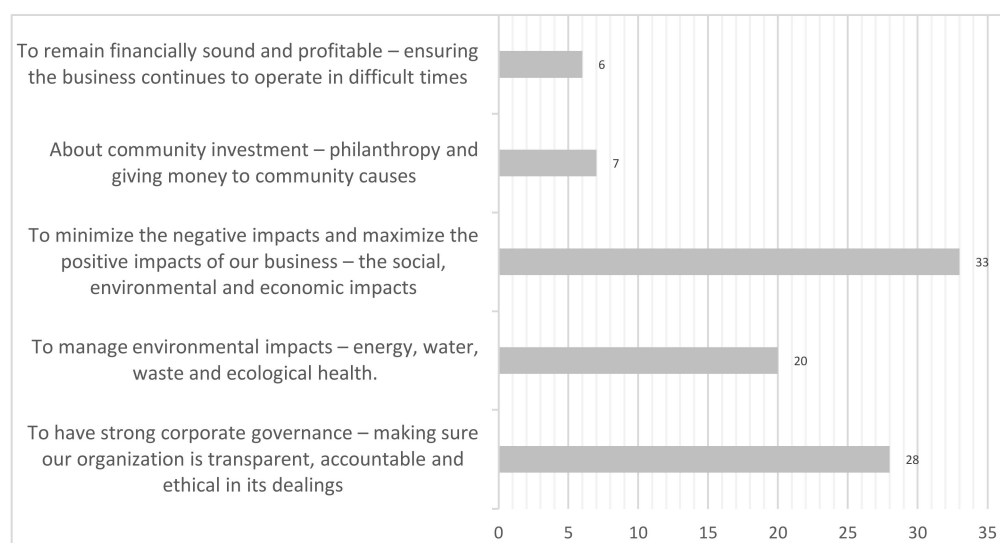


Figure 1. Distribution of companies according to CSR approach.

4.3. CSR Benefits

In the analysis of the benefits derived from CSR (Table 3), the mean scores assigned by the respondents provide an indication of the most common non-financial and financial benefits. The mean scores assigned by the respondents indicated that the benefits of CSR implementation were more non-financial (mean = 4.0; SD = 0.77) than financial (mean = 3.85; SD = 0.84). Maintaining and building a strong reputation was judged to be the most important benefit of CSR (mean = 4.29; SD = 0.88), followed by the attraction of new customers (mean = 4.22; SD = 1.06). Attracting and retaining the best employees was considered the third most important non-financial benefit of CSR (mean = 3.94; SD = 1.16), followed by fostering innovation, which was considered the least important (mean = 3.73; SD = 1.26). As mentioned in Section 1, our study focused on the following non-financial benefits: fostering innovation, retaining and attracting employees, and brand reputation.

Table 3. CSR benefits.

	Mean	SD
Non-financial benefits		
Fostering innovation	3.73	1.26
Attracting and retaining the best employees	3.94	1.16
Maintaining and building a strong reputation	4.29	0.88
Attracting new customers	4.22	1.06
	4.04	0.77
Financial benefits		
Attracting further investment	3.73	1.14
Capturing new markets and market shares	4.03	0.98
Helping to understand and manage risk exposure	3.94	0.98
Cutting costs and enhancing margins	3.71	1.37
	3.85	0.84

SD: Standard deviation.

4.3.1. Fostering Innovation

Table 4 presents the results of the linear regression model, which considered code of ethics, CSR approach, sector, company size, and type of certification as independent variables or predictors and fostering innovation as a dependent variable. The variables explained 10.9% of the total variance in fostering innovation with statistical significance ($F(10, 93) = 2.132, p = 0.031$). The ISO 9001 certification variable ($B = 1164, p < 0.001$) proved to be a significant predictor of the CSR benefit of fostering innovation, whereas the variables code of conduct ($B = -0.830, p = 0.075$) and services sector ($B = 0.667, p = 0.053$) were

marginally significant predictors. Thus, companies with ISO 9001 certification, when compared with companies with other certifications, and companies in the service sector, when compared with those in the industry sector, considered CSR to be more important for fostering innovation. Meanwhile, companies with a code of conduct/ethics, when compared with those without one, considered CSR as less important for fostering innovation.

Table 4. Regression coefficients on fostering innovation.

	B	SE	β	t	p	95% CI	
						LB	UB
(Constant)	4.151	0.670		6.198	0.000	2.819	5.483
Code of conduct (ref. No)							
Yes	−0.830	0.460	−0.194	−1.802	0.075	−1.745	0.086
CSR (referring to Remaining financially sound and profitable)							
Strengthen corporate governance	−0.876	0.546	−0.319	−1.603	0.113	−1.962	0.211
Manage environmental impacts	−0.494	0.544	−0.161	−0.908	0.366	−1.576	0.588
Minimize negative impacts	−0.684	0.523	−0.258	−1.308	0.194	−1.724	0.356
Philanthropy and charity to community	−1.034	0.674	−0.216	−1.533	0.129	−2.374	0.307
Sector (referring to Industry)							
Services	0.667	0.340	0.221	1.962	0.053	−0.009	1.343
Dimension							
<100 employees	0.152	0.363	0.045	0.418	0.677	−0.569	0.873
300–500 employees	0.021	0.345	0.007	0.061	0.951	−0.665	0.707
Certification (referring to Others)							
No certification	0.468	0.305	0.178	1.531	0.129	−0.140	1.075
Certification = ISO 9001	1.164	0.339	0.404	3.430	0.001 ***	0.489	1.839

*** $p \leq 0.001$, LB: lower bound, UB: upper bound.

According to the results obtained, and as shown in Table 4, the only variable that has a relationship with innovation is ISO 9001-certified companies. The companies with ISO 9001 certification considered CSR practices to foster innovation. Consequently, Hypothesis 1e is accepted:

Hypothesis 1e (H1e). *Fostering innovation has a significant relationship with ISO 9001 certification.*

4.3.2. Attracting and Retaining Employees

Table 5 reports the results of the linear regression model using code of ethics, CSR approach, sector, company size, and type of certification as predictors, and attracting and retaining the best employees as the dependent variable. The predictors explained 7.3% of the total variance in the dependent variable and showed marginal significance ($F(10, 93) = 1.729, p = 0.088$). The service sector variable ($B = -0.666, p = 0.040$) proved to be a significant predictor. Thus, companies in the service sector, when compared with those in the industry sector, considered CSR to be more important for attracting and retaining the best employees.

Table 5. Regression coefficients for attracting and retaining employees.

	B	SE	β	t	p	95% CI	
						LB	UB
(Constant)	4.423	0.628		7.038	0.000	3.173	5.673
Code of conduct (referring to No)							
Yes	0.069	0.432	0.018	0.160	0.873	−0.790	0.928
CSR (referring to Remain financially sound and profitable)							
Strengthen corporate governance	−0.138	0.513	−0.054	−0.268	0.789	−1.158	0.882
Manage environmental impacts	−0.702	0.510	−0.249	−1.376	0.173	−1.718	0.313
Minimize negative impacts	−0.318	0.491	−0.130	−0.648	0.519	−1.294	0.658
Philanthropy and charity to community	0.492	0.633	0.112	0.778	0.439	−0.766	1.750
Sector (referring to Industry)							
Services	−0.666	0.319	−0.240	−2.089	0.040 *	−1.300	−0.032
Dimension							
<100 employees	0.643	0.340	0.209	1.889	0.062	−0.034	1.320
300–500 employees	−0.104	0.324	−0.036	−0.322	0.748	−0.748	0.540
Certification (referring to Others)							
No certification	0.136	0.287	0.056	0.475	0.636	−0.434	0.706
Certification = ISO 9001	0.366	0.318	0.138	1.148	0.254	−0.268	0.999

* $p \leq 0.05$.

As shown in Table 5, companies in the service sector, when compared with those in the industry sector, considered CSR to be more important for attracting and retaining the employees. Consequently, we accepted:

Hypothesis 2c (H2c). *Attracting and retaining employees have a significant relationship with companies in the service sector.*

4.3.3. Improving Brand Reputation

Table 6 reports the results of the linear regression model using code of ethics, CSR approach, sector, company size, and type of certification as independent variables or predictors, and improving brand reputation as the dependent variable. The model explained 10.3% of the total variance of the dependent variable and was statistically significant ($F(10, 93) = 2065, p = 0.037$). Having fewer than 100 employees ($B = 0.514, p = 0.048$) proved to be a significant predictor of the benefits of improving brand reputation, whereas ISO 9001 certification ($B = 0.441, p = 0.069$) was a marginally significant predictor.

Thus, companies with fewer than 100 employees, when compared with companies with more than 500 employees, and companies with ISO 9001 certification, when compared with companies with other certifications, considered CSR more important in improving brand reputation. Consequently, we accepted the following hypothesis:

Hypothesis 3d (H3d). *Brand reputation has a significant relationship with company size.*

Hypothesis 3e (H3e). *Brand reputation has a significant relationship with type of certification.*

Table 6. Regression coefficients for improving brand reputation.

	B	SE	β	T	p	95% CI	
						LB	UB
(Constant)	4.000	0.472		8.474	0.000	3.061	4.939
Code of conduct (ref. No)							
Yes	0.310	0.324	0.103	0.956	0.342	−0.335	0.956
CSR (ref. Remain financially sound and profitable)							
Strengthen corporate governance	−0.064	0.385	−0.033	−0.166	0.869	−0.830	0.702
Manage environmental impacts	−0.591	0.383	−0.274	−1.542	0.127	−1.354	0.171
Minimize negative impacts	−0.388	0.369	−0.208	−1.053	0.295	−1.122	0.345
Philanthropy and charity to community	0.289	0.475	0.086	0.609	0.544	−0.656	1.234
Sector (ref. Industry)							
Services	−0.125	0.240	−0.059	−0.522	0.603	−0.601	0.351
Dimension							
<100 employees	0.514	0.256	0.219	2.011	0.048 *	0.006	1.022
300–500 employees	0.352	0.243	0.160	1.446	0.152	−0.132	0.836
Certification (ref. Others)							
No certification	0.251	0.215	0.136	1.168	0.246	−0.177	0.680
Certification = ISO 9001	0.441	0.239	0.218	1.842	0.069	−0.035	0.916

* $p \leq 0.05$.

5. Discussion

The analysis of the CSR approaches of the surveyed Saudi companies revealed that the most prevalent CSR approach was to minimize the negative impacts and maximize the positive impacts of the business, considering the social, environmental, and economic aspects. This trend can be explained in the context of firms' sociocultural spiritual commitments to society and the Saudi government's development plans and initiatives [42]. The most important elements of Saudi society that determine interactions are religion, culture, and politics, and these might influence the understanding and interpretations of CSR and its practices in the Kingdom. Since the implementation of the Eighth National Development Plan (2005–2009), government-owned firms and the private sector in the Kingdom have witnessed growing concerns and pressure to be more efficient and competitive to make profits and thereby expand the Saudi economy and serve society effectively [68]. This has led to a shift to a stakeholder-oriented model and maintenance of an ethics and value-based approach. All these are in line with the historical, sociocultural, and religious aspects of Saudi Arabia, and the areas and dimensions of CSR as proposed by Western theorists converge with the spirit and values of Saudi businesses' view of CSR [69], which is rooted in their Islamic perspectives [70].

Even after the implementation of Vision 2030, which advocated for economic diversity and foreign direct investment, due to the pressures of globalization, competition, and responsibility, Saudi firms still approached CSR mostly from a stakeholder-based and an ethical and principles-driven approach rather than according to bottom-line profits. Similar studies have been conducted in developing economies, which have demonstrated that CSR is a philanthropic activity embedded in cultural and religious values, and predominantly adapted for the local society [71–73]. In addition, the notion of CSR in Islam, as explained and practiced historically and currently by Saudi firms, uses the vital values and principles of Islam that resemble the modern CSR concept, as is practiced in many Western countries [38].

The findings showed that the non-financial benefits demonstrated by CSR activities are related to maintaining and retaining employees, brand reputation, and technical innovation, albeit at different engagement levels. According to Glover [74], companies that engage in CSR by pushing the values and holistic principles of CSR in their strategic plans achieve the non-financial benefits that will give these companies a competitive advantage. Baghallab

and Chaar [38] also contended that businesses with moral values, where CSR orientations and sustainable economic growth are important parts of strategic policies, tend to establish a competitive advantage that focuses on social justice and benefits for all stakeholders. CSR orientation can be made multifaceted and include additional factors when focusing on non-financial, value-based universal standards of firm performance and competitive advantage [3]. The benefits of CSR activities include improving brand reputation, product innovation [53], employee retention, and customer service [75,76].

Companies with ISO 9001 certification, when compared with companies with other certifications, and companies in the service sector, when compared with those in the industry sector, considered CSR more important for fostering innovation, which is also acknowledged in the annual report of Saudi Re [42]. They ranked innovation and digitalization, which are customer-focused initiatives, as priority corporate issues. These efforts improve the client's value chain and provide a competitive advantage. Saudi Re [42] further noted that CSR contributes to creating innovative solutions, leading to wider adoption of insurance, and offering first-class protection of national assets in the country, all of which offer a competitive advantage. Previous studies support these results, in which the strategy of including CSR to gain a competitive advantage has a significant and positive effect on innovation, fosters product and process innovation, and allows companies to create value through innovation [52–54,57–59].

Concurrently, the findings showed that companies with CSR activities tended to encourage employees to stay working with them, and companies in the service sector, when compared with those in the industry sector, considered CSR to be more important for attracting and retaining employees. Talent development, workforce retention, and community investment are also heavily prioritized in Saudi Re, as documented in their annual report. The same is also documented in the annual report of one of Saudi Arabia's biggest companies [67], which has put in place succession planning, performance management and assessment systems, and training sessions and workshops for employees to encourage employee retention. These findings support previous studies, in which CSR improves the efficiency of employees' performance and enhances employee motivation, satisfaction, and consequently, retention. Thus, firms that practice CSR and proactively and consistently demonstrate concern for justice and treat employees well have increased levels of employee retention [49–51].

Lastly, the findings supported previous findings [68] that a company's reputation is accentuated by CSR, and that CSR is vital for the smooth working of businesses and for supporting the socioeconomic responsibilities of the government. Companies with fewer than 100 employees, when compared with companies with more than 500 employees, and companies with ISO 9001 certification, when compared with companies with other certifications, considered CSR more important in improving brand reputation. Previous studies support our results in that CSR and brand reputation are positively associated and coherent and long-term CSR is positively related to non-financial benefits [44,65].

6. Conclusions

The main goals of this research were to identify the general CSR approach and explore the potential non-financial benefits of CSR in Saudi Arabia, an emerging economy in the Middle East, which is characterized by different sociocultural contexts compared to Western societies. The findings revealed that the most prevalent CSR approach is to minimize the negative impacts and maximize the positive impacts of the business, in line with the areas and dimensions of CSR as proposed by Western theorists, converging with the spirit and values of Saudi businesses' view of CSR [69], which are rooted in their Islamic perspectives [70].

Our work builds on previous studies of CSR and firm performance, providing further evidence that the non-financial benefits demonstrated by CSR activities are related to maintaining and retaining employees, brand reputation, and innovation, albeit at different engagement levels. The results of this study and the context in which it was operationalized

also revealed that fostering innovation, maintaining and retaining employees, and brand reputation are linked with the sector where companies operate, with the management system implemented, and with company size. Our results add to prior work, which showed that ethics and value-based CSR enhances non-economic or non-financial performance outcomes [72,77]. We also confirmed that non-economic benefits demonstrated by CSR activities are related to satisfied employees, brand reputation [78], and innovation [79].

Saudi Vision 2030 and other initiatives in sustainability will complement the current CSR framework for the business sector to be more proactive and recognize CSR as imperative in their vision and mission for corporate development and sustainability. Moreover, the CSR efforts and activities of firms in Saudi Arabia can be enhanced through strong structured systems and governance that can ensure the competitive advantage of firms through non-materialist performance and benefits. CSR orientation can be made multifaceted and include additional factors when focusing on non-financial, value-based universal standards of firm performance and competitive advantage [3]. The benefits of CSR activities include improving brand reputation, product innovation [53], employee retention, and customer service [75,76].

The Middle Eastern context of the study has theoretical implications, expanding the knowledge on CSR in the current literature that is dominated by Western conventional definitions. It also has implications for decision-making structures and public policy support for legislation in emerging economies in non-Western societies. Taking different aspects of the CSR concept from different regions with different sociocultural contexts would add to a more thoughtful and refined framework of CSR, which would be useful in both Western and non-Western societies. Our study findings strongly reinforce the potential importance of CSR within different sociocultural contexts worldwide. Finally, the results can inform policymakers of the potential importance of spiritual or religious obligations within different societies to encourage CSR in different types of businesses and at different levels. Theoretical conceptualizations of cumulative CSR should be undertaken further. Notably, further research on CSR, on both materialist responsibilities as expounded by the Western conventional approach and socioreligious obligations from other societies would prove meaningful.

The findings of this study not only contribute to a deeper understanding of CSR non-financial benefits, but could also encourage policymakers, firms' managers, and stakeholders in developing countries on how incorporating CSR can bring non-financial benefits. One limitation of the study is the relatively small sample size. Another limitation involves the use of cross-sectional data; as a longitudinal analysis could not be conducted, this study could not explain in depth the variables over time and their effects. Comparative studies of small- and medium-sized enterprises and major Saudi corporations would illuminate the issue further. Alternatively, CSR implementation in Saudi family-owned businesses engaging in other socially responsible voluntary initiatives merits examination. Further research could also be undertaken in other contexts to elucidate how the corporate sector can support the government in achieving the goals of Vision 2030 by responding to various stakeholders' concerns in their strategic vision and decisions. Qualitative studies could examine the role of CSR in dynamic business environments with transitional governments in relation to the importance of the environment and sustainability orientations, given that these are important factors in CSR and were highlighted in the recently concluded 2021 United Nations Climate Change Conference.

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