# الاستدامة والمسؤولية الاجتماعية للشركات: تطويرالإطار النظري والتطبيق

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*شركة تطوير التعليمية القابضة*

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المستخلص:

تبرز هذه الدراسة الحاجة الماسة لتبني "منهج اصحاب المصلحة وعوامل النجاح الهامة" لمعالجة ودراسة المسئولية الاجتماعية للشركات واستدامتها والذي من شانه اضفاء المصداقية لالتزام الشركة بمبادئ الاستدامة عن طريق تكامل الاهتمامات الاقتصادية والاجتماغية والبيئية مع عملية التخطيط والرقابة.

وتقدم الدراسة اطارا متكاملا لقياس وادارة الاداء المستدام كمسار متكامل وشامل لتنفيذ وقياس وتقييم ورفع تقارير عن مسئولية الشركات الاجتماعية واهمية استدامتها في منظمات الاعمال. ومن ثم تم تطبيق الاطار المقترح واختباره في شركتين قياديتين في السودان والمملكة العربية السعودية.

والهدف من اختبار الاطار المقترح هو التحقق من مدى قابليته للتطبيق في بيئتين اقتصادييتين مختلفتين، هما السودان والمملكة العربية السعودية، كل بما لديها من تميز البنية الاقتصادية و بيئة الاعمال وثقافة المنشات ومتطلبات الافصاح و التقارير الخاصة و التوجهات المختلفة لاصحاب المصلحة.

وابانت الاختبارات التطبيقية ان الاطار النظري المقترح ناجح في ابراز فائدة وثراء المعلومات غير المالية في قياس وتقديم تقارير المسئولية الاجتماعية للشركات تطبيقا وادءا بالاضافة الى جدوى انتاج تقارير متكاملة تربط اداء الشركات والمسئولية الاجتماعية لها.

**الكلمات المفتاحية**: الأداء، المسئولية الاجتماعية، الاستدامة، السودان، المملكة العربية السعودية.

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# Sustainability and Corporate Social Responsibility: Framework Development and Application

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*Abstract:*

This paper highlights the need to adopt a "Stakeholders and Critical Success Factors Approach" to Corporate Social Responsibility (CSR) and sustainability issues, which is to give substance and credibility to a company's commitment to sustainability principles by integrating economic, social, and environmental concerns with the planning and control process. The paper offers an "Integrated Sustainability Performance Management and Measurement Systems (SPMMS) framework as a comprehensive and holistic path for the implementation, measurement evaluation and reporting of CSR and sustainability concerns into the business organization. Then the framework is applied and tested on two leading companies in Sudan and Saudi Arabia. The testing of the framework is meant to examine the applicability of the approach in two distinct economic environments, Sudan and Saudi Arabia, each with its own unique economic infrastructure, business environment, corporate culture, reporting, and disclosure requirements and stakeholders' orientations.

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The empirical testes show that the conceptual framework is successful in revealing the usefulness and richness of the non-financial information in measuring and reporting CSR and sustainability performance as well as the feasibility of producing integrated reports, linking business and CSR performance.

**Key words:** performance, corporate social responsibility, Sudan, Saudi Arabia.

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## I. Introduction

In the wake of recent corporate scandals, there has been a growing pressure for businesses to be accountable and transparent in their activities (DiPiazza andEccles, 2002). Increasingly, stakeholders are becoming more vocal in their demands for informationon business activities aside from financial performance.Investors are looking for evidence of good corporate governance, particularly sound business strategy and effective management of risk. Customers are asking about the origins of products, who made them and what theycontain. Employees are looking to work for companies that visibly account for their responsibilities to society and the environment. Governments and civil society are increasingly placing pressure on businesses to report on social and environmental performance. These demands relate to the ways in which businesses are aligning their activities with the principles of sustainable development. As a result, business leaders are recognizing the need to respond to these pressures by conducting their operations in a manner that is both good for their business and which satisfies stakeholder concerns (Keeble, Topiol and Berkeley 2003).

Dahlsrud, (2008) defines Corporate Social Responsibility (CSR) as "…a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis" (Commission of the European Communities, 2001, ). This definition encompasses the key features that are CSR's voluntariness: companies should fulfil the stakeholders' legitimate claims beyond the minimum legal requirements. "Social responsibility begins where the law ends. A firm is not being socially responsible if it merely complies with the minimum requirements of the law, because this is what any good citizen would do" (Davis, 1973,).The concepts of corporate social responsibility (CSR) and sustainability will be used in this paper synonymously.

Thus, this paper is an attempt to develop and formulate an integrated framework that links the social, business and economic aspects of performance and reporting, and test its applicability in two distinct economic and business environments, mainly Sudan and Saudi Arabia.

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The remainder of this paper goes as follows. Section II reviews the sustainability and performance measurement literature for any major contributions made by scholars and researchers towards the development of multi-facet performance measurement systems. Based on the thorough literature review, section III lays out the tenets and pillars of the proposed framework and pinpoints its foundations. In Section IV the proposed framework is applied, tested and compared in two economies and business environments. Finally, Section V summarizes and concludes the paper.

## II. Sustainability Performance Management and Measurement Systems: A literature review:

A socially responsible company must implement management, measurement and communication systems that can really integrate economic, social and environmental concerns in a well-balanced and consistent framework. As stated by Schaltegger and Wagner (2006b,): "Management of sustainability performance in all of its perspectives and facets requires a sound management framework which, on the one hand, links environmental and social management with the business and competitive strategy and management , on the other hand. That is a system that integrates environmental and social information with economic business information. For this reason, a theoretical groundwork in the most relevant contributions to management and measurement systems attempting to integrate social, environmental and economic concerns has been laid. The following paragraphs summarize the approaches and perspectives adopted in the literature to integrate sustainability and business management and information.

### Balanced Scorecard Approach:

Many scholars have suggested approaches and frameworks to develop a sustainability management control and performance measurement and evaluation systems using the balanced scorecard (BSC) model (Kaplan and Norton, 2001). Although BSC was developed to implement strategies essentially aimed at maximizing creation of shareholder value, its founders later recognized the need to broaden the model to include

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stakeholders' interests and needs by stating that "All stakeholder interests, when they are vital for the success of the business unit's strategy, can be incorporated in a Balanced Scorecard" or to include additional perspectives related to sustainability principles (such as regulatory and social processes) (Kaplan and Norton, 2004). However, according to them, the improvement of economic and financial performance remains the primary business goal. Moreover, the model leaves out some relevant stakeholders, such as suppliers and public authorities (Norreklit, 2000).

Different approaches to the design of a sustainability balanced scorecard (SBSC) have been suggested (Johnson, 1998; Bieker, Dyllick, Gminder and Hockerts, 2001; Epstein and Wisner, 2006; Figge, Hahn, Schaltegger and Wagner, 2002; Dias-Sardinha, Reijnders and Antunes, 2002; Schaltegger and Wagner, 2006a and 2006b). These approaches could be implemented in companies actually exposed to sustainability issues or those in which CSR concerns are strategic imperatives (Bieker, Dyllick, Gminder and Hockerts, 2001; Epstein and Wisner, 2006).

Figge, Hahn, Schaltegger and Wagner(2002) argue that a company could build an appropriate scorecard to deal with social and environmental aspects as new tool to complement the traditional BSC. This derived environmental and social scorecard could be useful for business units, departments or other functions truly committed and concerned with strategically relevant social and environmental issues. The process of SBSC formulation can lead to drawing a sustainability strategy map able to depict hierarchical causal chains for the attainment of strategic goals(Figge, Hahn, Schaltegger and Wagner, 2002) .

The prominence of economic and financial goals, or the instrumental use of social and environmental issues, as well as stakeholders' needs, to improve the financial bottom line, is one of the major drawbacks of the SBSC model.

**Stakeholders Approach:**
A growing number of scholars and managers agree on the relevance of identifying and fulfilling stakeholders' needs, expectations and desires. Accordingly, a number of studies, applying the stakeholders approach,

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have been directed to develop management planning and control systems ,in general, and with specific emphasis on performance measurement system {( Atkinson, A. A., & Waterhouse, J. H., & Wells, R. B. (1997),(Neely, Adams and Kennerley, 2002) Donaldson, T., & Preston, L. E. (1995)}.Those authors agree to that now – and increasingly in the future – the best way for organizations to survive and prosper in the long term will be to think about the wants and the needs of all of their important stakeholders and endeavour to deliver value to each of them. Neely, Adams and Kennerle (2002,) argue that simply focusing on a subset of seemingly more influential stakeholders – typically the shareholders and customers – and ignoring the wants and the needs of the rest is short-sighted and naive in today's information-rich society.

In order to overcome the weakness of the BSC approach, Woerd and Brink(2004) suggested an interesting framework, called "Responsive Business Scorecard" (RBS). The purpose of the model is to improve, simultaneously, the results achieved from all three sustainability perspectives (here called "People, Profit and Planet") and to integrate stakeholders' expectations. According to a community-driven or synergy-driven strategic orientation, the framework should balance economic, social and ecological concerns as strategically relevantequals.

A notable framework for overcoming SBSC's shortcomings is represented by the DartBoards and Clovers of Sustainability model (Bonacchi and Rinaldi, 2006; 2007). This multidimensional and multilevel model attempts to measure the three dimensions of sustainability, as well as stakeholders' needs, through a set of connected primary and secondary measures able to manage and balance different and contrasting situations.

**Strategy Formulation Approach:**
Recognizing the importance of translating sustainability strategy into coherent action and daily decision-making, and forcing it into every level of the business's organization Epstein and Roy (2001; 2003b) suggested a framework that supports the formulation and implementation of a strategy aimed at balancing economic, social and environmental concerns. In subsequent work, the framework has been modified and put forward again

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as the "Corporate Sustainability Performance Pyramid" (CSPP) (Epstein and Wisner, 2006). The most relevant contribution of the CSPP is how it points out the management levers required to pass from the lower to the upper level of the performance pyramid. However, the two frameworks are still overly focused on the financial bottom line.

Erika (2009) after reviewing the literature on sustainability performance management and measurement systems, offers a "socially responsible planning and control" framework as a strategic path for the implementation of CSR concerns into the business organization.

The Integration Approach:

Rouse, Putterill (2003) and Durden (2008) developed two interesting contributions concerning the integration of management control system and performance management system with social and environmental aspects, as well as with stakeholders' needs. The "integral framework for performance measurement" (IFPM) proposed by Rouse and Putterill (2003) highlights the importance of stakeholders' requirements and expectations when evaluating corporate performance in a balanced and holistic way. According to the authors, stakeholders' claims define the organisation's constraints and affect the company's vision, mission and strategic goals. An appropriate performance measurement system should encompass stakeholder contributions (considered as the input of the company's production processes) and stakeholder benefits (that are the values company delivers to satisfy stakeholders' expectations). One of the main merits of Rouse and Putterill's framework is the fitting together of the stakeholder's view with a strategic analysis of the company processes and activities. This is done through the adoption of a comprehensive and balanced performance measurement system. This recognizes the need to design management control systems that help the company to operate coherently, given stakeholder needs and sustainability goals.

In order for a company to define itself as a socially responsible organisation, an alignment of external sustainability disclosure and internal social and environmental information is needed. Durden(2008) pointed out that an organisation's management control system (MCS) should support and orientate managers in their pursuit of social

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responsibility and stakeholder goals. In order for an organisation to operate in a socially responsible manner an integrative approach is required where there is alignment and fit of both external and internal social information needs." Starting from this argument, Durden (2008) proposes a framework that highlights the factors that the company should take into account to integrate sustainability concerns into its MCS.

Many of the management and measurement models examined here are still too focused on the economic and financial dimension of performance; they consider social and environmental concerns to be subordinate to economic results and to the maximization of shareholder value. "It's time to rebalance the scorecard" (Higgins and Currie, 2004). A well-balanced and multidimensional performance management and measurement system must be developed in order for the corporate sustainability strategy to succeed.(Cramer (2002)stated that "more than before, firms are now expected to account explicitly for all aspects of their performance, i.e. not just their financial results, but also their social and ecological performance. Openness and transparency are the new key words. This type of pressure is forcing an increasing number of firms to adopt 'sustainable' business practices, which means establishing a systematic link between their financial profitability and their ecological and social performance."

Upon reviewing the frameworks and approaches to design CSR and sustainability performance measurement and evaluation systems, Cramer (2002) concluded that " the literature review conducted revealed that only limited attention has been given to the development of performance management system focused on the simultaneous and balanced improvement of social, environmental and economic concerns. Many of the frameworks analysed are too focused on enhancing the financial bottom line, and are too complex to be implemented in small-to-medium size enterprises (SMEs). Moreover, a global and comprehensive vision of a strategic approach to CSR is still missing".

In summary, the literature review conducted revealed the following points:

1. Most of the theoretical groundwork in the most relevant contributions to CSR and sustainability management and measurement systems attempts to integrate social, environmental and economic concerns

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following the "triple bottom line" concept that is including social and environmental performance along with financial performance as a gauge of organizational success.

2. The frameworks developed to design sustainability performance management and measurement system paid little attention to the transformation processes needed to accomplish the desired results effectively.

3. Very little attention is paid to the business environment within which the company operates. The business environment determines the sort of sustainability risks and opportunities facing the company. The business environment includes internal and external factors.

4. Few frameworks or approaches differentiate between corporate and managerial sustainability performance measurement and evaluation systems. It is very important, to differentiate between sustainability performance at corporate level and that at a project or operational level.

5. Very rare studies are conducted to explore corporate social responsibility and sustainability management in developing countries.

6. Little effort is devoted to test the applicability and usefulness of the frameworks and model so far developed in the literature.

Based on the literature review, the next section lays the foundation and pillars of the integrated performance measurement framework that intends to overcome the shortcomings of the approaches suggested in the literature and reviewed above.

## III. Sustainability Performance Management and Measurement Systems (SPMMS): The Framework:

Having recognized the need for further work to develop a more comprehensive and holistic framework, this section is attempting develop Sustainability Performance Managementand Measurement system (SPMMS). The SPMMS focuses on the simultaneous and balanced improvement of social, environmental, economic and governance concerns through the recognition of stakeholders expectations and incorporating sustainability key success areas(SKSAs) and sustainability

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critical success factors( SCSFs) concepts. The framework proposed in this paper is not intended as a replacement for any existing managerial tools. Rather, it provides a possible inclusive path for the strategic implementation of sustainability concerns into the company. A SPMMS could be defined as: "the measurement and management of the interaction between business, society and the environment" (Schaltegger and Wagner 2006a). As such the the proposed framework may be looked at as a integrated application of Schaltegger and Wagner model.

**Pillars and Components of the framework:**
SPMMS is built up of eight interrelated pillars or components put into context to incorporate the impact of business internal and external environment.

**First**, the company must be able to identify its key stakeholders. The starting point for deciding what to measure the answer to this question is: "Who are our [company] key stakeholders and what do they want and need?" (Neely, Adams and Kennerley,2002,).The typical stakeholders include: shareholders, investors, customers, subscribers, employee, regulatory authorities, professional bodies, non-governmental organizations (NGOs), international organizations and institutions, consultants and advisors, international standards setter, academics and the community at large.

**Second**, it is also important for an organization to ask and understand what its customers, investors and other stakeholders expect. This understanding will enable development of an approach that reflects stakeholder needs, expectations, and desiresand priorities.

**Third**, Having identified the key sustainability issues for the organization and quantified their impact to the greatest extent possible, it is important that they are incorporated and reflected in the company's mission and strategic objectives as an integrated and connected part of the whole, rather than as stand-alone issues and objectives. The sustainability mission and strategic objectives must reflect and focus on both business and stakeholder expectations.

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**Fourth,** the company needs to identify the sustainability key success areas (SKSAs)that are the most important sustainability issues to be tackled to achieve company`s strategic sustainability objectives and , in turn, accomplish stakeholders` expectations .Examples of SKSAs include Environment sustainability, Social responsibility, Public governance., andeonomic sustainability :

**Fifth,** each SKSA (sustainability issues) been identified in stage four should be studied in depth to determine sustainability critical success factors (SCSFs). SCSFs are the drivers of sustainability which represent the focal factors, activities or drivers which need to be closely planned and controlled to accomplish the SKSAs and, in turn, achieve stakeholder needs, expectations and desires effectively and efficiently .As a definition, SCSFs refer to "the limited number of sustainability activities in which satisfactory results will ensure successful performance for the sustainability project or program".

**Sixth**, based on the SCSFs determined in the previous stage, a company need to determine specific sustainability strategy or strategies to be adopted to accomplish each SCSF.The strategy could be a program, project, activity or event intended to support sustainability improvements.

**Seventh**, having identified the SKSAs,SCSFs and sustainability strategies ( i.e. program, project, activity or event) , the next stage is to identify consistent sustainabilitykey performance indicators (SKPIs)or measures helpful in tracking and monitoring the achievement of sustainability strategic objectives and, in turn, stakeholders expectations.SKPI is a financial, non-financial measure or management commentary used to help an organization evaluate progress towards a stated sustainability goal or objective.

**Eight**, having identified the SKPIs, thefinal stage is tomonitor, measure and report sustainability actual performance to internal as well as to external stakeholders.

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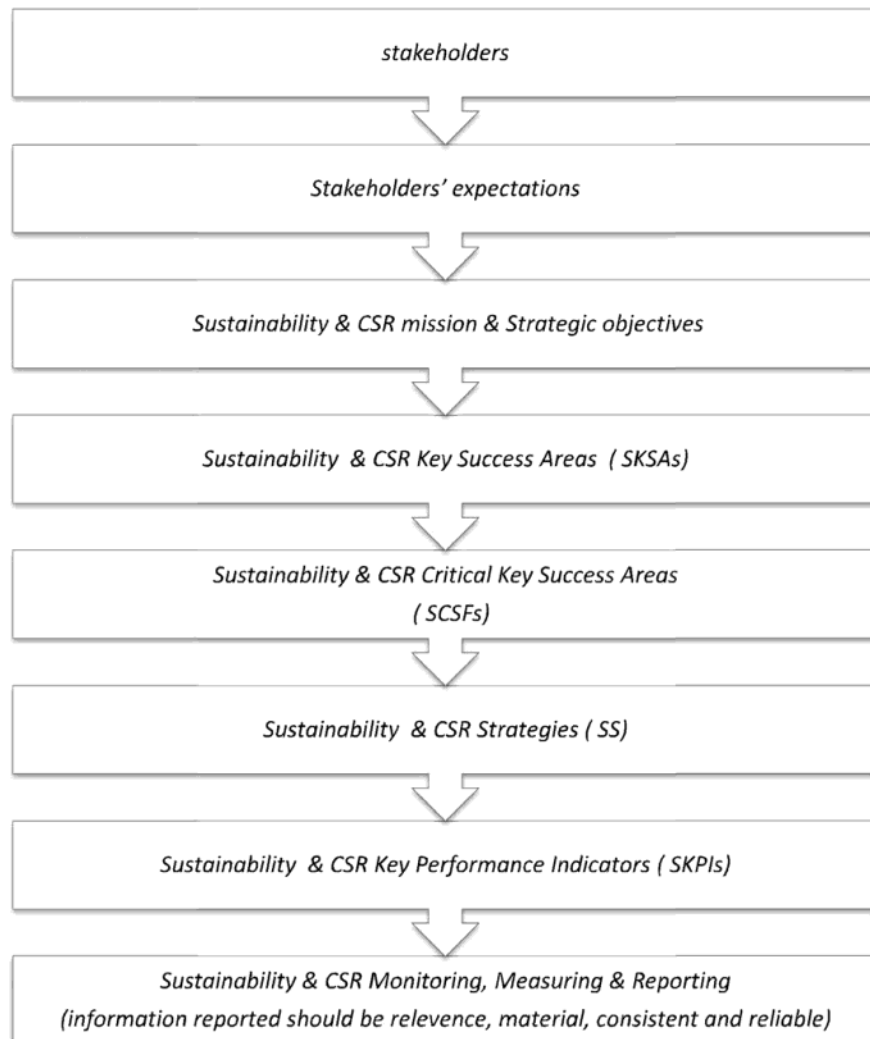*Fig (1) and (2) depict the components of the proposed framework*

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│                     Stakeholders' expectations                    │
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Figure (1) the components of the proposed framework to develop sustainability performance management and measurement system.

**Figure (2): SustainabilityPerformance Management and Measurement Systems (SPMMS) Framework.**

| Framework'sComponents | Sustainability Key Success Areas (SKSAs) : Sustainability Pillars. | | | |
| --- | --- | --- | --- | --- |
| | Environment Sustainability | Social Responsibility | Economic Sustainability | Corporate Governance |
| Key Stakeholders | Company`s key stakeholders depends on the nature of business and its environment ( e.g. customers, employees, invertors, community, environment, NGOs.. etc.) | | | |
| Key Stakeholders Expectorations | • Control of pollution.<br>• Compliance with environment regulation and standards. | • Embracing talent.( employees benefit and training)..<br>• Improve workplace.<br>• Compliance with governmentregulation andrules.<br>• Socialresponsibility (health, safety , security ,Charity giving).<br>• Publicservice innovation.<br>• Responsible communication and consumers` education.<br>• Good nutrition. | • Contribution to national Economy.<br>• Improve Marketplaces.<br>• Responsible supply chain | •improving business climate.<br>• Engaging with governmental and social bodies to improve business climate for better transparency and more productivity .<br>• Maintaining business ethics and values.<br>• Corporate risk management.<br>• Enhancement public governance ( corruption, transparency, remuneration). |
| Company`s Sustainability Mission and Strategic Objectives | Sustainability mission statement and strategic objectives depends on stakeholders` expectations, needs and desires. Whatever, the mission statement and objectives must explicitly reflect company`s response to stakeholders expectations. | | | |
| Sustainability Critical Success factors ( SCSFs) | • Reduce energy use.<br>• Reduce | • Attracting and developing talent.<br>• Improving | • Support research and development.<br>• Introducing | • Improving company`s leadership commitment to |

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|---|---|---|---|---|
| | • water consumpti on<br>• Reduce processing waste.<br>• Increase products recycling. | customers' satisfaction.<br>• Improving HS& S services.<br>• Increasing philanthropic contribution. | new product and services to meet stakeholders needs.<br>• Enabling and supporting the development of local supply base.<br>• Developing rural neighborhood | CSR..<br>• Improving company`s communication with its stakeholders.<br>• Improve transparency.<br>• Maintaining business ethics and values. |
| *Sustainability Strategies (SS) : Program, project, activity or event.* | • Employing advanced technology in production.<br>• Use new raw materials. | • Supporting Education & Research. | • Open new markets<br>• Manufacture new products.<br>• Introduce new services | • Establishing CSR/ Sustainability Council. |
| Sustainability Key Performance Indicators ( SKPIs) | • Amount of energy saved: % and quantity.<br>• Reduction in omissions: % and quantity.<br>• Reduction in water use: % and quantity.<br>• Reduction in waste: % and quantity. | • S spent in support of education & Research.<br>• S denoted to social service | • % increase in number of customers.<br>• Number of projects established in rural areas.<br>• Number of new products.<br>• Gross sales: $ and quantity | • Established CSR Council, Committees or Teams.<br>• Meeting hours devoted to CSR and sustainability issues. |
| CSR and Sustainability Reports( at corporate and program, project levels) based n actual performance. | • Sustainabil ity reports.<br>• Competitio n files. | • CSR reports.<br>• Competition files. | • Financial Statement and attached schedules and notes. | • Management commentary.<br>• Press release statements.<br>• Corporate governance report. |

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*The Impact of Business Environment on the Development of SPMMS.*
To put it into context, the proposed framework`s components and processes should be studied , analysed and evaluated in the light of the following internal and external factors representing the business environment. These contingent factors are identified in the literature as main variables that determine and shape the management planning and control systems found in organizations, Abdalla(1992 ):

Internal business environment factors:
1. Product / service.
2. Technology.
3. Culture, ethics and values.
4. Organizational structure.

External business environment factors:
1. Community and NGOs.
2. Government regulations.
3. Suppliers and Supply chain.
4. Economy.
5. Industry.
6. Market and Competitors

Figure (3) depicts the interrelation and interaction between the proposed frameworkcomponents with stakeholders` expectations and SKSAs occupying the central position, on the one hand, and the internal and external determinant contingent factors,on the other.

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External Business Environment

Internal Business Environment

Community

Sustainability mission & Strategic objectives

Government Regulations

Market &Competiti

Culture & Values

Sustainabil ity Monitorin g, Measuring & Reporting

Product arities

Environment Sustainability

Social Responsibility

Stakeholders Expectation

Sustainabilit y Critical Success Areas ( SCSFs)

Economic Sustainability

Governance

Ethics

Technology

Organization Structure

Sustainability Key Performance Indicators ( SKPIs)

Sustainability Strategies ( SS)

Suppliers &Supply

NGOs

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## IV. Application and Testing of the Proposed Approach

In this section, the paper applies the proposed sustainability performance management and measurement system to two prominent companies in Sudan and Saudi Arabia, namely SUDATEL and SABIC respectively. The choice of both companies is dictated by the objectives of the testing process that is to assess the full potential of the applicability of the proposed framework. SUDATEL is one of the leading telecommunication companies in the region, serving the telecom sector in Sudan and Africa. SABIC is, on the other hand, one of the world leading petrochemical companies and it is one of the largest and profitable public companies in the Middle East. Table (1) shows the main highlights of the two companies:

### Table (1): Main Highlights of SUDATEL and SABIC

|  | SUDATEL (SUDAN) | SABIC (SAUDI ARABIA) |
|---|---|---|
| Head Office | Sudan | Saudi Arabia |
| Year Established | 1993 | 1977 |
| Total Assets (2011) | USD 2250 million | USD 88363 million |
| Revenue 2011 Revenue 2010 Change (growth) | USD 591.4 million USD 559.9 million + 5.6% | USD 50648 million USD 40525 million +25% |
| Net Income 2011 Net Income 2010 Change (growth) | USD 5.97 million USD 8.7 million (34%) | USD 7790 million USD 5740 million 35.7% |
| Investors | Saudi Arabia, Yemen, Qatar, Bahrain, Iran, Oman, Jordan, and Sudan | 70% owned by the government of Saudi Arabia, 30% owned by the private sector |
| Domain of operations | Sudan, Senegal, Guinea, Mauritania, Ghana, Saudi Arabia | Operations mainly span Saudi Arabia, Europe, Asia |

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Fig. (4) and Fig. (5) show the results of applying the performance framework proposed in the previous section, on the actual practices followed by SUDATEL and SABIC companies as reflected in their published annual reports.

## Figure ( 4) Application of the proposed framework in SUDATEL – Sudan

| Frame work's Components | SUDATELs Sustainability Key Success Areas (SKSAs) : Sustainability Pillars. | | | |
|---|---|---|---|---|
| | Environment Sustainability | Social Responsibility | Economic Sustainability | Corporate Governance |
| SUDATEL's perceived Key Stakeholders | Shareholders: society, government, stockholders, subscribers, workers ,competitors, trade union and civil society organizations. | | | |
| Perceived Key Stakeholders Expectorations | . | • Health services.<br>• Water Service.<br>• Orphans care<br>• Education Services<br>• Religious services<br>• Competitive wages<br>• Training and development<br>• Distinguished job circumstances<br>• Comfortable work facilities .<br>• High quality and at reasonable prices of services.<br>• Provision of integrated voice and data services with the latest available technologies.<br>• Support trade union and societies. | • Contribution to national Economy.<br>• Sustain the market value of SUDATEL.<br>• Adhered to governmental legislations and regulations<br>• contributed in solving economic problems such as unemployment.<br>• Apply fair competition terms. | • improving business climate.<br>• Engaging with governmental and social bodies to improve business climate for better transparency and more productivity.<br>• Maintaining business ethics and values.<br>• Commitment to operating in accordance with the best practice in business integrity, performance, transparency and maintaining the highest standards of financial reporting and corporate governance. |

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| Sudatel's mission | "SUDATEL's main mission has been to enrich the economic, cultural and social life in the African continent through the spirit of communication, change the prevailing ignorance into an in-depth knowledge which it provides through communication services, information transmission and internet". | | | |
|---|---|---|---|---|
| SUDATEL's CSR and Sustainability Strategic Objectives | | • Realizing sustainable development, improved the living standards of its workers and their families <br> • Providing services to the local communities and the society as a whole. <br> • achieve the needs of the national infrastructure development, <br> • use the latest communication technology in order to broaden telecommunication coverage to all communities, <br> • improve operational network capacity, both quantitatively and qualitatively, <br> • turn out highly qualified personnel, | • achieve the needs of the national infrastructure development, <br> • use the latest communication technology in order to broaden telecommunication coverage to all communities, <br> • improve operational network capacity, both quantitatively and qualitatively. <br> • Emerge as a carrier for regional traffic between Africa and the rest of the world, <br> • sustain successful business by making global profits and competition, <br> • use the latest technology to expand service base to cover remote areas. | • improve business climate for better transparency and more productivity <br> • Improving company's leadership Commitment to Sustainability <br> • Improving company's communication with its stakeholders. <br> • Adherence to the ethical principles and reliable work practices in all its dealings and transactions. <br> • adhered to the principle of transparency and governance as an integral part of responsibility |

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| Sustainability Critical Success factors ( SCSFs) | | • Attracting and developing talent.<br>• Improving social services.<br>• Increasing philanthropic contribution.<br>• Enrich cultural and social life in the African continent .<br>• through the spirit of communication, change the prevailing ignorance into an in-depth knowledge which it provides through communication services, information transmission and internet".<br>• provides integrated voice and data services with the latest available technologies in the world with high quality and at reasonable prices. | .* Introducing new product and services to meet subscribers needs.<br>• Improving customers' satisfaction.<br>•<br>• Enabling and supporting the development of local supply base.<br>• Developing rural neighborhood. | • Engaging management at all levels in sustainability issues.<br>• Engaging stakeholders in sustainability issues facing SUDATEL.<br>• Improving transparency.<br>• Maintaining business ethics and values. |
| Sustainability Strategies (SS): program, project, activity or event. | | • Enrich cultural and social life in the African continent through the spirit of communication; change the prevailing ignorance into an in-depth knowledge which it provides through communication services, information transmission and internet".<br>• provides integrated voice and data services with the latest available technologies in the world with high quality and at reasonable prices.<br>• Supporting Education and training.<br>• Increasing donations and, sponsorship. | • Open new markets( spread in other countries)<br>• Introduce new products and services.<br>• Investing in rural areas.<br>• Introduce new technology.<br>• Supporting competitors.<br>• Enhance supply chain. | • Formulation of control bodies.<br>• Adopt good governance and management practices<br>• Be open and disclose its performance<br>• Seek stockholders' feedback<br>• Be a responsible steward of its products<br>• Adhere to ethical practices |

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| Sustainability Key Performance Indicators ( SKPIs) | | <ul><li>Increase training hours: % , hours and number of beneficial.</li><li>Increase in support of education : % , $ and number of beneficial.</li><li>Increase in support of health services: % , $ and number of beneficial.</li><li>Increase in support of orphan`s programs.: % , $ and number of beneficial</li><li>Increase in support of water supply: % , $ and number of beneficial</li><li>Increase in donations: % , $ and number of beneficial.</li><li>Increase in sponsorship: % , and number of beneficial.</li><li>Provision of competitive wages: $</li><li>Improvement in workplace ( transport ,medical car).</li><li>Support of trade union : $.</li><li>Increase in support of religious institutes and societies: % , $ and number of beneficial.</li><li>Increase in support of providing houses to the needed: % , $ and number of beneficial .</li><li>Awards received.</li></ul> | <ul><li>Increase in number of subscribers and/customers: % and number.</li><li>Number of countries covered.</li><li>Number of towns and villages covered.</li><li>Spread of shareholders/inventors.</li><li>Number of projects established in rural areas.</li><li>Number of new products and services</li><li>Size of network: Kilometers).</li><li>Job opportunities provided.</li><li>Awards received.</li><li>Gross sales: $ and quantity.</li><li>Total cost: $</li><li>Net Income: $</li><li>Total Assets: S.</li><li>Net profit</li><li>Zakat paid</li><li>Tax paid</li><li>Total assets .</li></ul> | <ul><li>Established control committees.</li><li>Meeting hours devoted to control and risks issues.</li></ul> |

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|---|---|---|---|
| *CSR and Sustainability Actual Contribution / Performance ( 2011)* | | *During 2011 SUDATEL contribution in social aspects covered the following areas ( See SUDATEL case description for details):*<br>• *Workplace.*<br>• *Health services.*<br>• *Water services and supply.*<br>• *Education.*<br>• *Orphan care.*<br>• *Religious affairs.*<br>• *Housing.* | *During 2011 Sudatel contribution in economic aspects covered the following areas ( See SUDATEL case description for details):*<br>• *Networks and services.*<br>• *Subscribers.*<br>• *Compliance with government regulations.*<br>• *National technology training.*<br>• *Competitors.*<br>• *Supply chain.*<br>• *Financial results* | *In conducting their duties, Board of Directors establishes the following committees:*<br>• *Executive Committee.*<br>• *Audit Committee.*<br>• *Remuneration Committee.*<br>*The board of directors held six meeting during 2011.* |
| *CSR and Sustainability Reports* | | • *CSR annual reports.* | • *CSR annual reports.*<br>• *Financial Statement and attached schedules and notes.* | • *Corporate Governance annual report.* |

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Figure (5): Application of the integrated framework for performance management and measurement inSABIC – Saudi Arabia.

| Frame work`s Components | SABIC`s Sustainability Key Success Areas (SKSAs) : Sustainability Pillars. | | | |
|---|---|---|---|---|
| | Environment Sustainability | Social Responsibility | Economic Sustainability | Corporate Governance |
| SABICKey Stakeholders | customers, employees, invertors, environment , government and community at large. | | | |
| Key Stakeholders Expectoration ( Examples) | • Control of pollution.<br>• Compliance with environment regulation and standards.<br>Responsible supply chain. | • Embracing talent..<br>• Social Services.<br>• Clean Products.<br>• Compliance with . | • Contribution to national Economy.<br>• Improve Marketplaces. | •improving business climate.<br>• Engaging with governmenta l and social bodies to improve business climate for better transparenc y and more productivity .<br>• Maintaining business ethics and values. |
| SABIC`s Sustainability Mission | "is to responsibly provide quality products and services through innovation, learning and operational excellence while sustaining maximum value for our stakeholders" | | | |

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|---|---|---|---|---|
| SABIC's Sustainability Strategic Objectives | • To conduct business with respect and care for the environment in which we operate.<br>• To comply with applicable health, safety and environmental laws, regulations and quality standards.<br>• To apply practical means to conserve resources and to prevent pollution, reduce waste and minimize the risk involved in our operations.<br>• Reducing these elements of SABIC's footprint will protect the environment, improve operating cost, divert more gas from energy production to products, and make SABIC's products more attractive to customers who, are aiming to protect their environment. | • To provide high-quality products and services that meet stakeholders' expectations while ensuring that our operations are safe and reliable.<br>• To Continually improve our performance and implement effective development programs to enhance our employees' competence and awareness."<br>• To minimize the risk involved in our operations. | • Apply practical means to conserve resource.<br>• To focus on the marketplace, where SABIC is committed to sharing its expertise and working even more closely with its customers to develop products, applications and solutions that respond to their sustainability needs.<br>Examples include cutting energy costs during the customer's manufacturing processes and applications, reducing the weight of their products and using materials that are more recyclable or include post-consumer | • Improve Enterprise Risk Management (ERM).<br>• improve business climate for better transparency and more productivity<br>• Improving company's leadership Commitment to Sustainability<br>• Improving company's communication with its stakeholders. |
| Sustainability Critical Success factors (SCSFs) | • Reducing carbon intensity (Reducing environmental footprint).<br>• Improving energy use.<br>• Improving water use.<br>• Increasing material efficiency.<br>• Reduce processing waste.<br>• Increase products recycling. | • Attracting and developing talent.<br>• Improving HS& S services.<br>• Increasing philanthropic contribution. | • Support research and development.<br>• Introducing new product and services to meet stakeholders needs.<br>• Improving customers' satisfaction.<br>• Enabling and supporting the | • Engaging management at all levels in sustainability issues.<br>• Engaging stakeholders in sustainability issues facing |

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| | | | development of local supply base.<br>• Developing rural neighborhood. | S4BIC.<br>• Improving transparency.<br>• Maintaining business ethics and values. |
|---|---|---|---|---|
| *Sustainability Strategies (SS): program, project, activity or event.* | • *Employing advanced technology in production.*<br>• *Use new raw materials.*<br>• *Use clean energy.*<br>• *Recycle water.* | • *Supporting Education & Research*<br>• *Increasing donations and, sponsorship.*<br>• *Investment in employees training.*<br>• *Product Stewardship*<br>• *SAFER (SABIC Assurance program For EHS&S Risks*<br>• *Responsible Care*<br>• *Crisis Management*<br>• *EHS&S IT Solution*<br>• *Clean Development Mechanism Project*<br>• *Integrated Enterprise Security Solution:* | • *Open new markets*<br>• *Manufacture new products.*<br>• *Investing in rural areas.*<br>• *Minimize operational cost.*<br>• | • *Enhancing internal audit*<br>• *Establishing CSR/ Sustainability Council.*<br>• *Adopt good governance and management practices*<br>• *Be open and disclose its performance*<br>• *Seek customer feedback*<br>• *Be a responsible steward of its products*<br>• *Adhere to ethical practice* |
| *Sustainability Key Performance Indicators ( SKPIs)* | • *Energy saved: % and quantity.*<br>• *Reduction in omissions: % and quantity.*<br>• *Reduction in water use: % and quantity.*<br>• *Reduction in waste: % and quantity.*<br>• *Increase in material* | • *Increase training hours: %, hours and number of beneficial.*<br>• *Increase in support of education & Research %,* | • *% increase in number of customers.*<br>• *Number of projects established in rural areas.*<br>• *Number of new products.* | • *Established CSR Council, Committees or Teams.*<br>• *Meeting hours devoted to CSR and sustainabilit* |

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|---|---|---|---|---|
| | efficiency: % and quantity.<br>• New material used : % and quantity.<br>• Reduction in material weight: % and quantity.<br>• Reduction in shipping size : % and quantity.<br>• Product recycle rate.<br>• Number of awards received | $ and number of beneficial.<br>• Safety improvement /Occupational Safety and health Administratio n (OSHA): % and $<br>• Increase in donations: % , $ and number of beneficial..<br>• Increase in sponsorship: % , and number of beneficial.<br>• Increase in Volunteering supported: % , $ and number of beneficial.<br>• Number of awards received<br>• Reduction in injuries and accidents: %. | • Gross sales: $ and quantity.<br>• Total cost: $<br>• Net Income: $<br>• Total Assets: $<br>• Manpower size: Number of employees. | y issues.<br>• Number of participants in legal and ethical awareness training programs.<br>• Number of modules presented in legal and ethical awareness training programs.<br>• Risk management : Number of control initiatives introduced.<br>• Risk management : Number of controls automated.<br>• Risk management : % of internal audit engagements fulfilled.<br>• % of automated business processes. |
| *CSR and Sustainability Actual Contribution / Performance ( Years 2010 - 2011)* | • *EHSS IT Solution.*<br>• *Clean Development Mechanism Projects.*<br>• *SABIC Integrated Enterprisesecurity Solution.*<br>• *EHSS Award Program.*<br>• *Green Chemistry*<br>• *Supply Chain.*<br>• *Responsible Care .* | • *Safety improvement /Occupational Safety and health Administratio n (OSHA)*<br>• *EHSS alerts and awareness.*<br>• *Education.* | • *New capacities.*<br>• *Product innovation*<br>• *Manpower and employment.*<br>• *Financial performance .*<br>• *Total production.* | • *Legal affairs and Ethics awareness.*<br>• *Risk management*<br>• *P project SHIELD*<br>• *Internal audit.*<br>• *Business* |

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|---|---|---|---|---|
| | • Sustainable Materials Solutions | • SABIC National Drug Prevention . <br>• volunteer activities and events. <br>• Sponsorship initiatives <br>• Donations and support. | | Process and Data Quality Governance. <br>• Formation of CSR council and teams. |
| CSR and Sustainability Reports( Financial and non-financial information) | • Sustainability standalone annual reports. <br>• Competition files. | • CSR standalone annual reports. ( Financial and non- financial information) <br>• Competition files. | • Financial Statement and attached schedules and notes. <br>• SustainabilityCSR standalone annual reports. | • Management commentary. <br>• Press release statements. <br>• Corporate governance report. |

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**Comparison between SABIC&SUDATEL CSR and sustainability contribution and Performance**

- *Key Stakeholders:*

For SABIC the nature of its products (Fertilizers, chemicals, plastics and metals) resulted in the emergence of special stakeholders who exert high pressure on SABIC`s management to take care of the environment as compared to SUDATEL. These stakeholders include: regulatory authorities, professional bodies, non-governmental organizations (NGOs), international organizations and institutions, international standard setters and the community at large. In addition, SABIC stakeholders spread all over the world: in America, Europe, Asia and middle east while those of SUDATEL are found in developing countries (Sudan, Ghana, Senegal , Mauritania). SABIC`s external business environment, therefore, is a source of risk created by regulations and rules governing the treatment of the environment, society, economic and corporate governance in different countries and communities.

- **Key Stakeholders Expectorations:**

Since the stakeholders for SABIC as compared to those of SUDATEL are different in culture, values, education, awareness about environment and social issues facing companies and level of life, their expectations, desires, needs and wants would be different with regards to their types and levels from those of SUDATEL`s stakeholders who live in communities with different needs and desires.

- **Sustainability Mission:**

Due to pressure from the key stakeholders, SABIC states a sustainability mission as a basis to tackle the sustainability issues related to environment .On the other hand, SUDATEL mission covers the overall goals of the company.

Table (2) summarizes and compares the main CSR and sustainability contribution reported by SUDATEL and SABIC and how they are measured.

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- **Sustainability Key Success Areas (SKSAs) : Sustainability Pillars:**
SABIC`s CSR and sustainability performance and contribution report cover all four sustainability key success areas (SKSAs)which referred to in the proposed framework as Sustainability Pillars i.eEnvironment, Social Responsibility, Economical Responsibility and Corporate Governance while SUDATEL reported contribution covers the Social ,Economic and Corporate Governance aspects but almost nothing is mentioned about environmental issues in SUDATEL`s disclosed annual report for the year 2011. The absence of environmental issues in SUDATEL`s report may be due to the fact that SUDATEL`s products and services (telecommunications) are environment friendly products and services. Therefore, the environment is not a big issue to SUDATEL.

Table (2): comparison between SUDATEL's and SABIC`s CSR and sustainability contribution.

| CSR and sustainability aspects | SUDATEL | SABIC | Measurements ( KPIs) | | |
|---|---|---|---|---|---|
| | | | Qualitative / Commentary | Quantitative | Financial |
| **_Environment:_** | | | | | |
| 1. EHSS IT Solution. | | √ | √ | | |
| 2. Clean Development Mechanism Projects | | √ | √ | | |
| 3. SABIC Integrated Enterprise security Solution. | | √ | √ | | |
| 4. EHSS Award Program. | | √ | | √ | |
| 5. Energy consumption | | √ | | √ | |
| 6. Greenhouse gas emissions. | | √ | | √ | |
| 7. Green Chemistry | | √ | √ | | |
| 8. Supply Chain. | | √ | √ | √ | |
| 9. Responsible Care . | | √ | √ | | |
| 10. Sustainable Materials Solutions | | √ | √ | √ | |
| **_Social:_** | | | | | |

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|---|---|---|---|---|---|
| • Safety and health | √ | √ | | √ | |
| • EHSS alerts and awareness. | | √ | √ | √ | |
| • Education and research | √ | √ | √ | √ | √ |
| • National Drug Prevention . | | √ | √ | | √ |
| • volunteer activities and events. | | √ | | √ | |
| • Awards received | | √ | | √ | |
| • Sponsorship initiatives | √ | √ | √ | | √ |
| • Donations and support | √ | √ | | | √ |
| • Workplace | √ | | √ | | |
| • Orphan care | √ | | | √ | |
| • Religious affairs support | √ | | | √ | |
| • Drinking water supply | √ | | | √ | |
| **Economical:** | | | | | |
| 1. New capacities. | √ | √ | √ | √ | |
| 2. Product innovation | √ | √ | √ | √ | |
| 3. Supply chain | √ | | √ | | |
| 4. Manpower and employment. | | √ | | √ | |
| 5. Financial performance . | √ | √ | | | √ |
| 6. Compliance with government regulations | √ | | √ | | √ |
| 7. Subscribers care | √ | | √ | | |
| 8. National technology training. | √ | | | √ | |
| 9. Competitor support. | √ | | √ | | |
| **Corporate Governance:** | | | | | |
| 1. Legal affairs and Ethics awareness. | | √ | √ | √ | |

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|---|---|---|---|---|---|
| 2. Risk management. and internal audit | √ | √ | √ | | |
| 3. P project SHIELD | | √ | √ | | |
| 4. Business Process and Data Quality Governance. | | √ | √ | | |
| 5. Formation of CSR council and teams. | | √ | √ | | |
| 6. Formation of Executive Committee. | √ | | √ | | |
| 7. Formation of Audit Committee. | √ | | √ | | |
| 8. Formation of Remuneration Committee | √ | | √ | | |
| 9. Board of Directors meetings | √ | | √ | √ | |

Table (2) depicts the following:

1. SUDATEL reports on 20 aspects of CSR and sustainability issues.40% on social, 40% on economical and 20% on corporate governance. Therefore, no information reported about environmental issues.
2. SABIC reports on 28 aspects of CSR and sustainability issues.36% on environment , 29% on social, 14% on economical and 21% on corporate governance.
3. SUDATEL and SABIC share 4 of the reported social aspects:Safety and health, education and research, Sponsorship and donations.
4. SUDATEL and SABIC share 3 of the reported economic aspects:new capacities, product innovation and financial performance.
5. SUDATEL and SABIC share 1(one) of the reported corporate governance aspect: risk management and internal audit.
6. The total number of the CSR and sustainability issues reported by SUDATEL and SABIC is 40 distributed as follows with regard to the type of information provided:
   - 45% qualitative and / or Commentary.

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- 30% Quantitative.
- 20% qualitative and / or Commentary and Quantitative.
- 5% financial.

The following business environment factors seem to determine the Stakeholders` expectations and, in turn, identify the CSR and sustainability aspects and issues reported by SUDATEL and SABIC:

1. Internal environment:
    - Type of products and services provided (Industry).
    - Business processes and the use of energy and water.
    - The supply chain.
    - The distribution system.
    - Technology adopted.
    - Company culture and values.
    - Market worldwide locations.
    - Company`s ethics.

2. External environment:
    - Concerned country`s legislation and regulations.
    - The economy: how the country concerned is developed.
    - Competition.
    - Accessibility to company information by stakeholders and NGOs.
    - The power of the environmental and social activist in the country concerned..
    - The awareness of the concerned stakeholders about the environmental and social issues.

**V. Summary and Conclusion:**

This study develops a sustainability conceptual framework to understand the roles and uses of managing, measuring and evaluating performance systems, as part of management planning and control system, in the integration of sustainability with stakeholders expectations, organizational sustainability mission ,sustainability strategic objectives, sustainability key

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success areas (SKSAs), sustainability critical success factors( SCSFs) and sustainability key performance indicators( SKPIs).

The framework highlights the importance of identifying and analyzing SKSAs and SCSFs as transformational processes within management planning and control system rather than simply jumping directly to the selection of KPIs. It also highlights the importance of considering the internal and the external factors that shape the business environment when designing sustainability planning and control system because these factors would reflect the nature of risks and opportunities related to CSR and sustainability facing the company and, in turn, helps defining the main components of proposed framework.

The application of the conceptual framework developed in this study on SUDATEL and SABIC proved how practical, flexible and useful this framework is in designing appropriate sustainability management planning and control systems, in general, and CSR and sustainability performance measurement system, in particular, in companies operating in developed and developing countries across the world and operating in different environment and communities as well as providing different products and services. Further, the application of the conceptual framework revealed the usefulness and richness of the non- financial information in measuring and reporting CSR and sustainability performance and the possibility of preparing integrated report, thus, linking business and CSR performance.

The study has determined the processes that need to be accomplished internally within the company to generate the information necessary to measure and evaluate sustainability performance and , in turn, disclosed to stakeholders rather than disclosing cosmetic information to be a mere " public relations exercise " not actually reflecting what companies are doing with regard to sustainability issues and concerns. And finally, the study has shown the impact of the business environment (internal and external) on the design of an appropriate SPMMS.

The study has many practical implications for regulators, industries, businesses and other stakeholders of businesses. The most important of these are:

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- Corporate social responsibility and sustainability issues are serious concerns for many stakeholders
- Regulatory bodies should give more attention to businesses commitment to sustainability principles by encouraging integrating it to the planning and control processes.
- The proposed approach shows that it is quite applicable and readily adaptable to different industries.
- There are no material additional costs involved in the integration and addressing of the economic, social, and environmental concerns of various stakeholders.
- Regulators need to give more weight and attention to non-financial information due to its success in conveying corporate social responsibility and sustainability performance.
- CSR performance is as important to many stakeholders as financial business performance, and it thus deserves more attention from businesses and regulators alike.

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