

**Asya AlAshaikh:**

**“There is a pressing need to create the culture of sustainability in the Kingdom”**

**Article by Asya AlAshaikh**

With the growing challenges facing countries around the world, a bigger and more structured role for the private sector in development is becoming more and more evident. Governments alone find themselves unable to solve some of these pressing and increasingly complex issues and require the support of the private sector. In this context Corporate Social Responsibility started picking momentum around the world. And as it spread, it started facing challenges and evolved to corporate sustainability where these efforts become part of corporate strategy thus transforming socio-economic and environmental threats to business opportunities. Whether we call it corporate social responsibility or corporate sustainability it all zooms down to a bigger role for the private sector in development and its capacity for implementation and making higher impact.

In Saudi Arabia, the corporate sector has invested more than 125 billion Saudi Riyals in 2011 on philanthropy and community service (as per McKinsey study Feb 2012), yet unemployment rate is still increasing, water scarcity remains among the top development challenges, 3 million Saudi live under poverty lines, obesity and diabetes are spreading among children, as well as many other challenges..

As much as this reflects a gap that is leading to a limited impact of such investment, it also reflects the willingness of the private sector to give and cooperate and play a role in solving development challenges. In this context, we ask ourselves the question “how can we maximize the impact of such investments?”

To answer this question, we have led 2 studies on the status of CSR in Saudi Arabia and its challenges and opportunities, one in 2007 and the other 2009-2010. Both studies

findings pointed that in spite of the spread of CSR , there is a need for a more proactive role from the public sector where it helps in setting informed directions and a set of incentives that create a climate that encourages companies to engage in sustainable practices. That said, we have always called for an independent entity to set a national CSR vision and help create awareness, develop skills in this field, and support and guide companies willing to play a leading role in development. Furthermore, and as a part time consultant to Al Shura council, since 2009, I have submitted twice a request to Al Shura council to launch an engagement plan joining both public and private sectors representatives in preparation for developing a national CSR strategy that in its turn will lead to new development policies and incentives for the corporate sector. All this gives us accumulated knowledge now it is time for action. We are at a crossroad.

Today, reflecting on 7 years working with leading Saudi companies, what we need in order to engage the private sector in effective and impactful partnership for sustainability, is to create the culture of sustainability: this means the knowledge, the language to open a constructive debate on sustainability and that will allow companies to come up with relevant solutions built on relevant partnerships. My experience shows that it is not enough to come up with a vision and impose it on the private sector. It is not enough to convince companies to engage in corporate sustainability if their stakeholders do not understand it. It is not right to talk sustainability for our children and future generations if we do not know what our children and future generations want, we have to give them the opportunity to learn more about sustainability and to be ready to take a lead at it.

I have worked with SAGIA on the Saudi Responsible Competitiveness Index (SARCI) that was meant to set criteria for companies to engage in CSR, whereby best practices would be awarded the KKF award for RC. From the 2<sup>nd</sup> round we have gotten out of it, and that is for 1 reason that there was no engagement of companies to collect feedback and

make revisions on the index. The Index has been running for more than 4 years, does this make companies' investment impactful? No, but we learnt enough to make the next step. And we have no excuse not to act.

From here, we need a collective effort led by a proactive role from the government and engaging the corporate sector as well as other segments in the society to start a serious and engaging dialogue on sustainability leading to a clear vision, identifying priority needs, setting guidelines per sector, and incentivizing and facilitating a proactive role for companies in sustainability.

## **Interview with Dr Djordjijia Petkoski :**

At a time where corporate social responsibility and corporate sustainability are picking momentum, Al Riyadh newspaper held an interview with one of the most prominent international gurus in the world to get a grips of the best ingredient for an effective role of the private sector in development that will put Saudi Arabia on the global map of sustainability. Dr Djordjijia Petkoski is one of a very few gurus who are not only good in promoting an idea but also has tremendous reputation in terms of substance and implementation track record with more than 25 years experience in more than 300 sustainability project around the world .

1. Dr. Petkoski, you are known to be the Man behind CSR at the World Bank. We would like to first know why CSR at the World Bank ?

I want to start by thanking you for the interview. I am really happy to be in Saudi Arabia and to monitor the evolution of CSR in this part of the world. This is my fifth visit to the KSA and several dozens of trips in the region.

To answer your question, CSR at that time (late 90s) provided a holistic approach which made it easier to address challenges and opportunities which was very relevant to the WB lending activities. Furthermore CSR paved the way for innovative partnerships with businesses and non-governmental organizations, at that time non-traditional partners for the WB, for sustainability and thus was a perfect umbrella to set-up and work through. And indeed it was successful on both internal and external levels. Internally it was a successful vehicle to change the culture in the Bank, while externally it allowed the Bank to take the lead globally because of the partnerships created with local entities to cater to local needs, and because of the outreach that was massive; for example we were able to reach more than 50,000 people around the world through our E-learning program on CSR.

I have to add that the main reason for the overall success of the CSR set-up at the WB was the support provided by its president back then James Wolfensohn without which we wouldn't have had the resources for massive outreach nor the tools to overcome resistance internally and externally. The support from the top is the key ingredient for a successful implementation of complex initiatives such as CSR.

2. In the late 90s as you said you set-up CSR at the World Bank. How do you see it evolving since then?

Well 1<sup>st</sup> of all, being at the WB and behind its set-up there, we were among the 1<sup>st</sup> to understand the limits of this concept. On one hand, people were more concerned finding the definition rather than using the framework for implementation, which added confusion and limited CSR practices to (for example) adhoc community service activities with limited impact. On the other hand, CSR faced limitations as challenges were different in each country and thus the approach and issues to address would change relatively. And these were some of the main reasons why this concept keeps evolving, till it reached now a broader and more encompassing concept "Corporate Sustainability". This has also made it easier for companies to support government efforts focused on Sustainable Development.

I need to highlight that after more than 20 years experience in the field, covering all 5 continents, I am impressed with the major leap for KSA is taking now by adopting Corporate Sustainability and exploring best approaches to implement in the local context.

3. Through your work with the WB, you have been lately assigned among the lead advisors to set a national CSR strategy for the government of India. Why is the government taking lead and what are the expected outcomes of such engagement?

Well there is a misguided debate on the role of government in promoting CSR. At the end of the day a government is about delivering what it is expected to deliver, and when it gets to issues that need partnership or support from the private sector and when the

private sector is not proactive enough or needs guidance to be able to act, the government shall lead. Now there are levels for this role and leadership In the case of India the government is trying to create an enabling environment where corporate contributions to socio economic and environmental challenges will have highest positive impact and that, by creating a national CSR center to facilitate and coordinate these efforts. The role of the government vary between directing (communicating priorities, engaging with the private sector, exploring opportunities of investment with high socio economic or environmental return, etc), incentivizing (such as giving responsible companies priority in public procurement and bids), and regulating (taxation policy, regulating responsible practices such as reporting etc.).

In terms of the outcomes of the World Bank engagement, the role is more of a facilitator between stakeholders to help create a common language and support achieving impactful and holistic partnerships for sustainability.

Reflecting on such engagement in Saudi Arabia for example, would allow creating of an enabling environment where Saudi progressive companies engage to provide solutions for development challenges whilst improving their competitive edge.

4. You have mentioned the E-Learning program on CSR & Competitiveness. Why Competitiveness?

The new E-learning course showcases the new understanding of CSR with focus on competitiveness and how companies can incorporate it into their business strategies. CSR and Competitiveness are intertwined. Creating a competitive edge is actually one of the main drivers for companies to get engaged in CSR. Furthermore, companies can't be competitive in a dysfunctional country therefore companies have a stake in contributing to the ecosystem. And once they go through CSR and enhance their competitiveness, they will also enhance the country's competitiveness.

5. Dr. Petkoski, you have worked with more than 100 big multinational companies from both developed and developing countries. What are the main earnings you can share with us?

The most important 2 lessons I have learnt is that first, CSR is only an initial journey that evolves. **For example**, after initial activities here and there in CSR, Nestle company reassessed its contribution to society and repackaged it and evolved to what it **now** called Creating Shared Value (CSV) where it focuses on enhancing its competitiveness by advancing socio economic conditions of its main stakeholders and throughout its value chain.

The 2<sup>nd</sup> lesson is the importance of collective action. Some challenges simply cannot be solved by 1 company and needs joint efforts be it on industry level or even country level. For example the issue of malnutrition, companies and non-governmental entities have formed the Global Alliance for Improving Malnutrition (GAIN), whereby I have led the creation of the business alliance, sponsored by Bill Gates Foundation and resulted in improving contribution of food companies in the issue of malnutrition. It was so successful that Harvard Business Review wrote a case study about it.

6. As you know, Saudi Arabia contributes to the rest of the world with billions of dollars. Do you think we will ever contribute I sustainability knowledge as well?

This actually takes me to mid 90s when The World Bank realized that giving away money is not enough to help counties as impact was very limited. This is when we realized that we need to build capacity in these countries so they are ready to manage this financial contribution!

I believe that with the new initiative promoting corporate sustainability in Saudi ad which is expected to create the enabling environment for progressive companies to play an impactful role in national sustainability, Saudi Arabia will be able to diffuse knowledge along with the financial contributions. For instance Saudi Arabia has many big companies operating around the world, and so with the models being created, these companies can showcase the best practices around the world and Saudi Arabia can transfer knowledge to other developing countries. In fact, the last financial crisis shows that even the most developed countries face challenges they can't resolve and thus knowledge transfer among developing countries might be much more efficient than copying models from developed countries and that are not relevant to developing countries status and issues.

7. Is this why you are here?

Yes indeed. When I saw that Saudi Arabia is evolving from traditional CSR to cutting edge concept of corporate sustainability led by local experts (Tamkeen SA) and supported by relevant public sector entities and companies, I realized that bringing this

concept to implementation is most likely to be successful and will actually add a lot to my knowledge and thus I decided to be part of it. For me to prefer to be here rather **than teaching at one of the Executive Programs at Wharton today**, is the added value I believe this new initiative of Saudi Corporate Sustainability will bring to me.

At the end of this interview, we have big hopes that Saudi Arabia creates a successful model of partnership between public and private sector for sustainability which in itself will enhance the country's competitiveness and enhance the standards of living in the Kingdom.