Corporate Social Responsibility and Impression Management: The American Arabian Oil Company (Aramco), 1932–1974

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Signed: Wedian Albalwi
Date: 6\textsuperscript{th} April 2020
Abstract

The principal aim of this thesis is to contribute towards the understanding of the corporate social responsibility (CSR) policy of the Arabian-American Oil Company (Aramco) in Saudi Arabia. Multinational corporations present a positive image of their economic and social activities to investors and society in order to justify their exploitation of natural resources. Given the importance of CSR activities in the twentieth century, this study examines the role played by CSR programmes in Aramco’s strategy to strengthen its position in the Kingdom. These programmes have contributed to economic and social development, but were also a mechanism used by the company to maintain control of Saudi oil assets.

Using Aramco as a case study, contrasts are drawn between the public pronouncements of its management concerning CSR activities and actual events as documented in the literature, official papers and archive records. Furthermore, forty-two management statements in the company reports are analysed to identify and categorise any impression management techniques identified.

The findings show that these activities did not stem from a philanthropic rationale but were necessary to enable Aramco to create the infrastructure to find, extract and control oil assets. As a consequence of these activities, racism and discrimination were part of the company’s system of hierarchical control. However, Aramco adopted assertive strategies to present a positive image of itself as a socially responsible company that was contributing to the economic and social development of Saudi Arabia. The adoption of a longitudinal, historical analysis of the interrelationship between CSR activities and impression management strategies provides a rich understanding of how companies seek to present images of themselves in changing economic and political environments.

By drawing on evidence from major archive documents, the research contributes theoretical, methodological and data insights. The study extends our theoretical understanding of CSR activities in a historical context. Historians of business and entrepreneurship could provide insights into the development of CSR and how it has been strategically utilised by companies. In terms of methodological contribution, the study presents a novel theoretical lens to investigate the motivations for CSR in the twentieth century using the impression management strategy framework. Third, in terms of data contribution, the unique analysis of 42 historical reports from 1938 to 1974 is conducted with the computer-aided content analysis program DICTION 7.0.
Thesis Outcomes

Journal Paper (Revise and Resubmit R&R):

- Submitted to The Enterprise & Society

Refereed Conferences:


- Virtual Annual Meeting of the Academy of Management (AOM), August 7-11, 2020 Vancouver, British Columbia, Canada.
Dedication

I dedicate this work to my great parents, my beloved husband and my kids, Aseef, Mayar, Sofia and Saif

Thank you for your love and support.
Acknowledgements

IN THE NAME OF GOD, THE MERCIFUL, THE COMPASSIONATE

All Praise be to GOD, the Lord of the worlds, prayers and peace be upon Mohammed His servant and Messenger, All Praise be to You, we have no knowledge except what You taught us.

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<tr>
<th>Abbreviation</th>
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<tr>
<td>ARAMCO</td>
<td>Arabian-American Oil Company</td>
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<tr>
<td>OPEC</td>
<td>Organisation of the Petroleum Exporting Countries</td>
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<td>OAPEC</td>
<td>Organization of Arab Petroleum Exporting Countries</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>World War I</td>
<td>First World War</td>
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<td>World War II</td>
<td>Second World War</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>MNCs</td>
<td>Multinational Corporations</td>
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<td>AIOC</td>
<td>The Anglo-Iranian Oil Company</td>
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<tr>
<td>CEOs</td>
<td>Chief Executive Officer</td>
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<td>UAE</td>
<td>United Arab Emirates</td>
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<td>KSA</td>
<td>Kingdom of Saudi Arabia</td>
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<td>US</td>
<td>The United States</td>
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<td>UN</td>
<td>The United Nations</td>
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<td>APOC</td>
<td>Anglo-Petroleum Oil Company</td>
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<td>IPC</td>
<td>Iraq Petroleum Company</td>
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<td>NEDC</td>
<td>Near East Development Corporation</td>
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<td>TPC</td>
<td>The Turkish Petroleum Company</td>
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<tr>
<td>CFP</td>
<td>The Compagnie Française des Pétroles</td>
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<tr>
<td>SOCAL</td>
<td>The Standard Oil Company of California</td>
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<td>CASOC</td>
<td>California Arabian Standard Oil Company</td>
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<tr>
<td>BAPCO</td>
<td>The Bahrain Petroleum Company</td>
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<tr>
<td>EXPEC</td>
<td>Exploration and Petroleum Engineering Centre</td>
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<td>PIW</td>
<td>Petroleum Intelligence Weekly</td>
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<td>SAMAREC</td>
<td>Saudi Arabian Marketing and Refining Company</td>
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<td>USPTO</td>
<td>The United States Patent and Trademark Office</td>
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<td>BAT</td>
<td>British American Tobacco</td>
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Chapter 1. Introduction

1.1 Introduction

Oil is of unique importance to the Kingdom of Saudi Arabia (hereafter, the Kingdom or KSA). It accounts for a significant percentage of its Gross Domestic Product (GDP) and government revenues. The oil-rich Kingdom has long been a tempting investment destination for multinational enterprises. Owning about 16% of global petroleum reserves, the Kingdom has an active oil resource-based economy and ranks as the largest exporter of petroleum (US$133.3 billion) (WTEx, 2016). The oil sector of the Saudi economy accounts for roughly 87% of budget revenues and 42% of gross domestic product (GDP), which amounted to nearly US$700 billion in 2017, as well as 90% of export earnings (CIA, 2016).

Undoubtedly, the creation of Aramco represents one of the most remarkable historical phenomena of the twentieth century. The oil super-giant Saudi Aramco is a state-owned company which is the largest producer of crude oil globally and arguably the world’s most valuable company. It has therefore played a significant role in the growth of the Kingdom’s economy. Indeed, the development journey of the company goes hand in hand with the formation and growth of the Kingdom. Aramco has not concern itself only with petrol, oil, and other hydrocarbon products, but has also developed corporate social responsibility (CSR) activities to strengthen its position in the region. According to Hertog (2013, p.1), the company “has been a critical agent for the social, economic and infrastructural development of Saudi Arabia; its managerial capacities are unrivalled in the Kingdom – and, indeed, the Gulf region”. Aramco has become a political player in Saudi Arabia due to its significant policies in industrial diversification, domestic energy reform, national employment, entrepreneurship, and secondary, vocational and higher education; however, it is not managed by politicians.

The company has been accused of pursuing these policies before nationalisation in order to retain control and to inhibit the ability of Saudis themselves to manage and control their oil industry (Vitalis, 2007). Aramco has sought to present a positive image through its economic and social activities, including building roads, power stations, schools, colleges, and universities, expanding employment and social opportunities for women, and developing the skills of the Saudi workforce (McMurray, 2011). But how was this achieved, and at what cost? This thesis contributes to an understanding of the motivation of the CSR agenda of a multinational company (MNC) in a developing country.

Although a great deal has been written about the Saudi Aramco company (Odell, 1968; Sampson, 1975; Metz, 1993; Marcel, 2006; Vitalis, 2007; Bronson, 2008; Hertog, 2011, 2013;
Yizraeli, 2012; Al-Naimi, 2016), there are important gaps that still need to be addressed. Firstly, there are questions about the extent to which Aramco has genuinely engaged with the corporate social responsibility (CSR) agenda. Secondly, to the best of the present researcher’s knowledge, no published study has presented a theoretical framework of impression management strategies that have been applied in relation to the CSR agendas of oil companies. Thirdly, there is a lack of research into the language used in oil company CSR reports to demonstrate how corporate annual reports are used as part of propaganda activities (Abdelrehim et al., 2011; Hooghiemstra, 2000). To address these gaps, the present research reviews and analyses annual reports, press and media content and other important archival documents. The latter include contain the private and public correspondence of Aramco executives and diplomats, memoranda and statements published in the press, and annual company reports. These were acquired primarily from the Aramco archives located in American and British libraries. Consequently, the aim of this research is to examine the motivations for CSR activities in a case study where information is available concerning the three elements that make up a corporate social responsibility agenda, which relate to economic, social and environmental issues (Loison et al, 2020). Although these elements had not formally materialised at the time under study (from 1932 to 1974), not least because the term ‘CSR’ had not yet been coined in that period, the case examined shows early awareness of the significance of CSR activities to serve company interests in the twentieth century.

This chapter introduces the thesis and consists of eight sections. Section 1.2 outlines the context of the case study and the reasons for choosing this case. Section 1.3 presents the research objectives in relation to the research gaps that the thesis endeavours to fill. Section 1.4 highlights the background of the research, considering previous interpretations of the history of the company. Section 1.5 discusses the conceptual and theoretical framework of the study. Section 1.6 emphasis the research questions associated with the CSR of the case company and its impact on Saudi society. Section 1.7 addresses the philosophical considerations of the study and the research methodology used. Section 1.8 then concludes by detailing the structure of the thesis.

1.2 Background

CSR is often viewed as a contemporary phenomenon. Hence, there has been little research which has investigated CSR in a historical context (Abdelrehim et al., 2011; Stutz, 2019; Loison et al, 2020). Historical research can assess whether these social policies were concrete, or merely part of a company’s impression management repertoire. Schrempf-Stirling et al. (2016) claimed that a corporation’s actions in the recent and long-distant past play a significant role in
strengthening its credibility. They suggested that “careful historiographic analysis – selection of sources, their analysis, and their evaluation – is needed when evaluating the past, the plausibility of narratives, and, ultimately, the legitimacy of claims” (Schrempf-Stirling et al., 2016, p.708). Public statements and internal and external documents produced by organisations are designed to present a company-friendly narrative of past and present events. These include annual reports, media publicity, and special programmes designed to present a beneficial corporate image (Elsbach et al., 1998, p.68).

Companies are sensitive to any criticisms that could potentially damage their reputation, and they often seek to counteract them by making positive prosocial claims (McDonnell & King, 2013, p.409). Some critics argue that many social initiatives introduced by firms provide minimal benefit to society and are merely symbolic and designed to “stave off stakeholder pressures” (Hess & Warren, 2008, p.164). Firms with high social standing have much to lose from reputational damage and are more likely to focus on prosocial claims. Companies have responded to institutional pressures to act responsibly by pursuing policies aimed at external stakeholders such as those involving branding and disclosure, as well as internal initiatives including training and energy efficiency policies. One of the ways in which organisations respond to this pressure is by adopting impression management strategies to deliberately influence stakeholder perceptions (Van Halderen et al., 2016).

Corporations seek to influence stakeholders’ perceptions of events, and one way to do this is by diminishing any negative corporate associations with a past event through the adoption of impression management strategies that focus on anticipatory excuses or justifications. Elsbach et al. (1998, p.82) identified a new category of tactics called “anticipatory obfuscation”, which is used when it is not clear whether an event will be perceived as negative, or whether an organisation will be blamed for a negative event. In these circumstances, impression managers will seek to foster this ambiguity in order to avoid any blame being attached to the organisation. However, if organisations engage in impression management in the wake of failures (or potential failures) so as to divert attention away from the area of concern, it may prove difficult for them to learn from failure (Desai, 2014). Organisations adopt impression management strategies in order to rationalise the impact of their operations on society. The aim of these strategies is to influence stakeholders’ perceptions through the application of impression management techniques that seek to legitimise practices that are unethical or have a negative impact on society.

Tedeschi and Melburg (1984) classified impression management techniques as either assertive or defensive. The former seek to develop or enhance a positive identity and reputation for the organisation, while the latter aim to protect the organisation from negative associations.
Assertive impression management techniques include: self-promotion – making actions appear better than they actually are; entitlement – claiming credit for positive outcomes; enhancement – claiming a positive value for an outcome beyond what it actually is; exemplification – presenting the organisation as a virtuous exemplar or role model; and ingratiation – self-enhancing communication to obtain approval from the target audience (Ogden & Clarke, 2005).

Defensive impression management techniques adopted by an organisation may include: dissociation – to distance itself from an adverse event and any negative consequences; excuses – to avoid or deny responsibility for an incident; justification – to accept responsibility for the outcomes of an incident but not any associated negative repercussions, or claiming that any harm done is outweighed by positive benefits; apology – to accept responsibility for a damaging event with a promise to behave appropriately in the future; and restitution and prosocial behaviour, which includes compensatory actions. These defensive impression management strategies, which are used to justify corporate behaviour, are usually closely linked to neutralisation techniques where various communications strategies are adopted to defend the company’s image (Talbot & Boiral, 2015). Despite the relevance of impression management, these concepts have not, to the present researcher’s knowledge, been applied in the historical examination of oil company CSR strategies in the Middle East.

1.3 Problematisation

The Saudi Aramco Company, which is officially known the Saudi Arabian Oil Company (formerly the Arabian-American Oil Company), is a Saudi company that operates as an oil exploration business. A rich history of service and innovation has established Saudi Aramco as the world’s largest integrated oil and gas company. It is a world leader in the exploration, production, refining, distribution and shipping of hydrocarbons as well as providing crude oil marketing services for customers worldwide (Bloomberg, 2020). Moreover, through a wide range of programmes, Aramco actively engage with communities locally and globally to make a persistent impact on society.

The rationale for studying the Saudi Aramco company as a useful research case in this study includes several facets. At the macro level, Saudi Arabia is considered to be a developing country with a traditional socio-political context, weak democracy and cultural and religious differences. Thus it represents a novel context for the present research site to show how these factors influence on Aramco’s practices, including its CSR practices. After the 1933 concession agreement between the Saudi government and Aramco company for the exploration for oil, there was an urgent need for improved infrastructure in Saudi Arabia, has to which the Aramco as multinational corporation has to fulfil the expectations of communities such as improving
education, medical and living of host countries. Various aspects of the history of Saudi Arabia need to be taken into account in order to understand how Aramco dealt with the prevailing environment during the 20th century and how its CSR policy was shaped.

At the micro level, as one of the largest oil companies in the world the Saudi Aramco company has had a unique competitive advantage, being the first mover in the development of oil reserves in the Middle East. Aramco company is considered as a member of the world's important oil organizations, such as OPEC and OAPEC. However, It is worth noting that, There are differences between them. OPEC is open for any country that produces oil on a large scale, while OAPEC is only open to Arab oil-producing countries. Recently, Saudi Aramco has “secured its position as the most valuable listed company in history after investor appetite for the world’s biggest fossil fuel producer pushed its market value to $1.9tn (£1.4tn)” (Jolly and Ambrose, 2019, P.170). This means that the Aramco company is an important case to study. Historically, the Aramco company has a vital source for western countries, while the oil industry and its significance to western countries has long been a subject of research, especially after the Second World War when the United States suffered from depleted oil reserves and Saudi Arabia’s reserves became strategically more important. Consequently, Aramco can be considered to be a unique case both historically and in the modern context.

1.4 Research Aims, Objectives and Research Questions

The aims draws in particular attention to the impression management strategy with Aramco's programme of CSR (Saudization), from a wide range of archival evidence and public documents such as the annual reports with private views. All sources are examined to explain how the Aramco use impression management strategy in their public documents as part of a propaganda, where private views were different from public views. this provides further evidence concerning the Saudis claims that they were not treated fairly nor regarded as genuine stakeholders.

In order to understand how the Aramco annual reports were used as part of a propaganda effort, The objectives of this study are as follows:

1. To analyse using DICTION software the narrative text that Aramco used in its reports to evaluate how this fitted with the company’s impression management strategy.
2. To analyse the array of company documents available, especially those concerned with Aramco’s policies relating to employment, housing and health in Saudi Arabia, and to compare their content with policies as stated in internal company documents, and also to consider them in relation to relevant US and UK government reports as well as observations and recollections of formers employees of the company.
3. To understand the impression management strategy applied by Aramco.

In order to reach the research objectives, this study addresses the following research questions:

1. What role did CSR play in Aramco’s strategy to strengthen its position in the Kingdom and to maintain control over Saudi oil assets?
2. What role did impression management play in underpinning company policy?

1.5 Research Methodology

Organisations produce documents relating to events and economic and social activities for internal and external consumption. Perchard et al. argue that “(h)istory is often misused when case studies uncritically derive narrative from secondary sources with no attention to historical context.” (Perchard et al, 2017, P913). To address these criticisms, the research engage in ‘source criticism’ and ‘reading against the grain’ to comprehend why documents were produced, for what purpose, and to infer meaning beyond that intended (Lipartito, 2014, P289-291). Further, the research follow the basic historical methodology advocated by Kipping et al. to: validate the source material; triangulate sources to reduce bias and increase confidence in the findings; and consider the cultural, social and temporal context in which these source materials were produced (Kipping et al, 2014).

A triangulation approach is adopted in this thesis to answer the research questions. Such a method views qualitative and quantitative methods as integral, representing a strength of the research. In this context, different qualitative and quantitative data collection methods are embraced to highlight the historical period of the Saudi Aramco company, documenting the company’s interactions with the Saudi government to effectively manage and shape its broader impact on the economic and social environment in which it operated. The approach adopted was “the craft-like fashion of a historian, rather than a narrowly prescribed procedure” (Rowlinson, 2004: 305).

First, the research analyse the narrative text in Company policy documents relating to employment, housing and health as examples of Aramco’s pro-social policies contributing to the economic and social development of Saudi Arabia. These could be compared with policies stated in the internal company documents (available in the archives), and US and UK government reports, as well as observations and recollections of previous employees of Aramco. Second, The researcher drew upon Tedeschi and Melburg’s (1984) analysis of impression management techniques to categorise and evaluate the type of policies that Aramco promoted to protect its image. Furthermore, The narrative in the reports was further analysed
by DICTION7.0 to assess the application of impression management techniques in the presentation of content.

1.6 Rationale and Significance of Research

CSR was one of the first significant concepts to arise in the academic study of business-society relationships. Although the theoretical underpinnings of CSR have been addressed, empirical study on the reality of socially responsible policies and practises established and implemented by firms in the twentieth century has been surprisingly limited (Loison et al, 2018). Because many organisations, particularly in industry, created social and environmental policies and practises far earlier, it appears fair to conduct a historical review of CSR strategies and practises before the idea of CSR fully appeared in Europe during the 1990s. The term CSR encompasses two aspects in relation to how corporate responsibility evolved during the 20th century. The first is that the CSR model was clearly developed as a form of welfare capitalism, whereby the company’s interests predominated but the welfare of the employees, as well as the wider community, was considered an important factor for the company’s success. The best example of this is the Ford Motor Company, which had a so-called sociology department, offering basic educational programs, a company hospital and cultural programs for integrating its multi-national workforce (Hooker, 1997). The second aspect is when the CSR model informs strategy in terms of government relationships. Examples include the overthrowing of Iran’s democratic government in the early 1950s when it threatened UK/USA control over its oil (Abdelrehim et al., 2011) and United Fruit and the “banana republics” of Central America, whereby these small country’s governments became dominated by outside corporate interests (Bucheli, 2008). Such engagement includes attempts to influence government policies and perhaps seek to control their “host” governments as multinational corporations.

In this thesis, the researcher focuses on the second aspect of the term CSR in the case of Aramco, in which the company sought to control its “host” governments, as evidenced by the initial contracts, which severely limited the Saudi government. The case study of Aramco in the present research considers the economic, social and environmental components of CSR in conducting a historical analysis of CSR strategies and practices before the concept of CSR formally emerged in Europe in the 1990s. Thus, the researcher has focused on employment, housing and healthcare as indicators of economic and social development. These are areas in which oil companies often invest as evidence of their CSR activities. and in light of the fact that the term ‘CSR’ had not yet been coined in the period under study, the researcher decided to focus on motives. Moreover, the choice of CSR motives as a focus of the study is because
this subject has emerged as a central and more debated theme in the literature on corporate strategy and public-corporate relations (Raj et al, 2019).

Several researchers have argued that many MNCs in the twentieth century utilised CSR policy as a mechanism to consolidate corporate control as opposed to it being an integral part of corporate strategy designed to contribute to the well-being of local communities (Forbes, 2007; Maurer, 2010; Tinker-Salas, 2009; Von Kemedi, 2003; Abdelrehim et al., 2011). For example, the ‘forced’ nationalisation of the Mexican oil industry in 1938, stemming from “an out-of-control labour dispute, rather than a grand plan” was beneficial to the British and American oil companies that were not very profitable (Maurer, 2010, p.612). Leverage and pressure from the American government ensured that the oil companies received compensation from the Mexican government in excess of the market value of the assets. Ultimately, the nationalisation provided little benefit to the Mexican government or to the oil workers. In Nigeria, oil was discovered in the late 1950s, and the accompanying vision was that it would improve the lives of the local people. Far from fulfilling these expectations, crude oil has become a source of poverty and conflict as a result of government-backed takeovers of land by oil companies. Lands, creeks, rivers and the sea upon which people depend for their livelihood have become contaminated (Von Kemedi, 2003). In Iran, oil firms used CSR to exercise corporate control in the face of political, economic and social challenges (Abdelrehim et al., 2011). Senior executives of the Anglo-Iranian Oil Company (AIOC) engaged in and reported voluntary CSR activities not for philanthropic reasons, but to create the impression of progress and confidence amongst investors and as a means to stave off nationalisation of the local oil industry.

This study will be of significant interest to scholars and the business community because this kind of historical research offers an in-depth understanding of the phenomena considered through the analysis of the case study. Moreover, The analysis of major events and periods of the case study assists to understand the real story of the case with generating historical evidence. Stutz argues that research combining history and CSR has either been history-with-CSR, where the focus has been on history to neglect theory, or CSR-with-history, where the focus has been on theory and less on historical accuracy (Stutz, P 190). Stutz contends that there is an intellectual space for historical CSR studies at the intersection between these two approaches, which involves cross-fertilisation and knowledge diffusion between the two disciplines. This fits with the methodological paradigm of historical organisation studies, which integrates organisation theory and historical analysis (Maclean et al., P 611).
1.7 The Organisation of the thesis

This thesis comprises seven chapters, as follows:

Chapter 1 introduces the research objectives and the background to the study. The conceptual and theoretical framework used in the study is described and the research questions are presented. Meanwhile, the methods used to answer the research questions are discussed, with a brief explanation of the importance of adopting different quantitative and qualitative techniques. The chapter ends by outlining the structure of the thesis.

Chapter 2 outlines the historical background of Saudi Arabia, presenting a brief history of the Kingdom and describing the geography of the Arabian Peninsula, the inhabitants of Saudi Arabia and the characteristics of Arabian society. The chapter also illustrates the economic development of the Kingdom, and highlights the royal family and the political leadership and their impact on the Kingdom’s development.

Chapter 3 presents a full historiographical overview of the Saudi Aramco company in three stages of its nationalisation by examining the concession agreements struck between Saudi Arabia and the company from its formation in 1933. The chapter then highlights the literature on Aramco’s domination in Saudi Arabia, highlighting the most relevant events in the 20th century.

Chapter 4 covers the different dominant and popular theories used in CSR studies and also discusses the theoretical framework developed for this study. This chapter provides an explanation of the impression management framework for accounting and how it can be used to explain CSR disclosure practices in Aramco.

Chapter 5 presents the research methods and methodology employed for this study. In order to address the research questions, the researcher used a mixed methods approach to conduct the research. The research design and strategy and the methods used for data collection and analysis in both the quantitative and qualitative strands of the research are discussed in detail in this chapter.

Chapter 6 performs a critical analysis of the Aramco company with reference to historical evidence. This chapter investigates the relationships with different governmental Saudi authorities, as well as with local communities and Saudis themselves, in order to understand the company’s policies related to inequality and differentiation. The main reason for this is to focus on the company’s treatment of Saudi employees. Moreover, this chapter presents an analysis of Aramco’s annual reports, employing DICTION 7.0 software to investigate the use of impression management in the reports.

Chapter 7 summarises the key points of each chapter and discusses the findings of this study and the main conclusions of the thesis. The contributions of the study to knowledge are
highlighted. The limitations of the study are then considered and how these limitations were addressed is detailed. Finally, suggestions for further research are made. Figure 1 below outlines the structure of the thesis.

![Figure 1. Structure of the Thesis](image-url)
Chapter 2. Historical Background of the Kingdom

2.1 Introduction

This chapter reviews existing historical literature on Saudi Arabia, contributing to an understanding of how events in the country have led to the development and unification of the Kingdom. The main objective of this chapter is to provide a general overview of the historical background of Saudi Arabia and its development over decades.

Crucial to an understanding of modern Saudi Arabia is the observation of its history. History shows the real picture of development over decades and how it has shaped the modern nation of Saudi Arabia. Many aspects of the Kingdom’s history helped in the development of the country, the most substantial one being the discovery of oil in commercial quantities in the Al-Hasa region. This is considered to be the major catalyst that transformed various aspects of the Kingdom. From an examination of aspects such as Saudi society, religion, the royal family, policy and economic development, it is clear that various issues and events have affected the Kingdom. These include the Ikhwan movement (Wahhabi army), Shia revelation and the discovery of oil, which are analysed later. Thus, the twentieth-century history of Saudi Arabia presents the internal social dynamics that have shaped the characteristics of the country, its political and religion systems and its adaptation to rapid change after the discovery of oil. To understand the situation in recent decades, one needs to engage in an “unending dialogue between the present and the past” (Al-Rasheed, 2010, p.12).

This chapter outlines the historical background of the Kingdom. Section 2.2 examines the historical setting of Saudi Arabia, including discussion of Al Saud, Wahhabi Islam, and nation-building during the rule of ‘Abd al-‘Aziz. Section 2.3 gives a summary of the literature on Saudi society and the environment, focusing on geography, the population and religion. Section 2.4 highlights the historical development of the Kingdom’s economy, while Section 2.5 discusses the government and politics of Saudi Arabia, including the role of members of the royal family. Section 2.6 summarises the chapter.

2.2 Historical setting of Saudi Arabia

2.2.1 The context of Saudi Arabia

The Kingdom occupies most of the Arabian Peninsula, covering an area of approximately 2,150,000 square kilometres (830,000 square miles) (Metz, 1993). The previous name of the ‘Kingdom of the Hejaz and Nejd and Its Dependencies’ was changed by Royal Decree on 23rd September 1932 to the ‘Kingdom of Saudi Arabia’ (hereafter the Kingdom). This title employs
the word ‘Kingdom’, which is a non-Islamic term. However, due to the significance of religion in Saudi Arabia, many Saudis believe that ultimate authority rests with God (Allah). The Saudi ruler is Allah's secular representative and political legitimacy is based on religious credentials.

The term ‘Saudi’ refers to the Al Saud family, the royal house of Saudi Arabia, whose eponym is ‘Saud ibn Muhammad ibn Muqrin’. Saud himself was not a significant figure, but his son Muhammad ibn Saud (literally, Muhammad, the son of Saud) conquered most of the Arabian Peninsula in the early eighteenth century. In the two centuries since then, Muhammad ibn Saud's family has grown significantly. In 1992, the ruling house of Saudi Arabia had more than 4,000 male members. Furthermore, the term ‘Arabia’, or the ‘Arabian Peninsula’, refers to a geographic region whose name is related to the language of the majority of its indigenous inhabitants, which is Arabic (Metz, 1993).

In 1902, 'Abd al-'Aziz bin Abdul-Rahman Al Saud (Ibn Saud) reclaimed the Masmak Fort, built in 1865 in Riyadh, and recaptured the city from which his family had ruled central Arabia for much of the nineteenth century. In 1913, Ibn Saud took Hofuf in Arabia’s Eastern Province (Al-Hasa) from the Ottoman Turks and expelled them from the region. Ibn Saud was directly responsible for creating the Kingdom and was the first king and custodian of the Two Holy Mosques at Mecca and Medina. These mosques are Hejaz cities that constitute the spiritual heart of the Islamic world and continue to attract pilgrims from across the world.

Ibn Saud established the Saudi state in three stages, namely: by retaking Najd in 1905, defeating the Al Rashid at Hail in 1921, and conquering the Hijaz in 1924. The capture of the Hijaz consolidated Ibn Saud’s authority. The Al Saud ruler was fundamentally a traditional Arab clan leader who was protected by various tribes because of his successes. However, Ibn Saud was also a Wahhabi imam who held the intense loyalty of the Ikhwan. When Ikhwan became the ruler of Mecca and Medina, Ibn Saud took on the responsibilities of Khadim al Haramayn (Custodian of the Two Holy Mosques) and assumed an important position in the wider Muslim community. Furthermore, by maintaining his authority under pressure from the Western powers, Ibn Saud became the only truly independent Arab leader after World War I and played a key role in wider Arabic politics.

When the Great Depression occurred in 1929, the flow of religious tourists, who were a major source of the King’s income, declined significantly. Muslims could not afford journeys to Mecca and Medina for the annual Islamic pilgrimage (Hajj) which must be carried out at least once during the lifetime of every Muslim, health and means permitting (Lunde, 1984). Al-Nafjan (1989) states that annual numbers of foreign pilgrims declined from between 100,000 and 130,000 during the 1920s to approximately 20,000 in 1932 (Al-Nafjan, 1989). Ibn Saud was fast running out of money.
Since the formation of the Kingdom, Ibn Saud had been closely watching oil developments in the Gulf region and drilling in nearby Bahrain (Al-Naimi, 2016). The event that changed Saudi Arabia dramatically was the discovery of large oil reserves in the Kingdom. Oil was first found on the Iranian side of the Gulf before World War I and in Bahrain shortly afterwards. Geologists suspected that they would find oil in the Eastern Province of Saudi Arabia as well. Therefore, in the early 1930s, companies from the UK and the US competed for rights to explore for oil. The Standard Oil Company of California (SOCAL) was the firm that won the tender and struck small pockets of oil fairly quickly. By the end of the decade, SOCAL had discovered large oil deposits close to the surface, thus making them inexpensive to extract (Metz, 1993). Because of the need for money to develop the newly formed Kingdom’s potential and serve its people (Anderson, 1981), the discovery of oil prompted the economic and social development of the Kingdom over the next eight decades.

2.2.2 The Al Saud and Wahhabi Islam

Muhammad ibn Abd al-Wahhab, founder of Wahhabism, was from the ancient tribe of Tamim. He was born in a small town named al-Uyayna in Najd in the central region of Arabia (Rentz, 1949). In order to fully comprehend the significance and implications of Muhammad ibn Abd al-Wahhab’s ideas, they must be considered in the context of Islamic practice. The established rituals as defined in religious texts and practised by all Muslims contrast significantly with popular Islam, which refers to specific local practices that are not universally shared (Metz, 1993). According to Rentz (1949), the aim of Wahhabism is to return community practices to those of the Prophet and the initial generations of pious Muslims. Thus, Muhammad ibn Abd al-Wahhab attacked the Shia, as they continued to worship deceased imams, even visiting their grave sites to request favours and blessings from the imams buried there (Metz, 1993). Moreover, Abd al-Wahhab focused on the principle that there is only one true God who does not share His power with any other, not imams nor inanimate objects such as trees or rocks (Lacey, 2010).

With the intention to restore the original principles of Islam, Abd al-Wahhab and Ibn Saud entered into a pact whereby the latter was granted religious legitimacy for military engagements in his domain. Abd al-Wahhab’s followers were named Wahhabis by others, a term that came to be considered belittling and offensive (Wynbrandt, 2010). Thereafter, the Saud-Wahhab alliance echoed the virtuous social structure preached by Ibn Taimiya, a 14th century religious scholar whose teachings had inspired Abd al-Wahhab’s concept of reforming Islamic practice. According to Wynbrandt (2010), Ibn Taimiya taught that two groups of authorities are required to lead a righteous and moral society, namely: the ulama, to decide on
matters of law; and religious leaders to enforce the law. As result of this alliance, Muhammad ibn Abd al-Wahhab offered the Al Saud a clearly defined religious mission upon which to form the basis of their political authority and align their leadership. This religious intent endured in the 1990s, underlying Saudi Arabia’s political ideology (Metz, 1993). Following the death of Muhammad ibn Saud in 1765, his son 'Abd al-'Aziz continued the Wahhabi project.

By the early 19th century, the Wahhabi movement had become a concern to the Ottoman Turks. In 1802, Wahhabite forces ransacked the holy Shi’ite city of Karbala in Iraq. In 1803, the same group took control of Mecca in western Arabia and destroyed any stringed musical instruments that they found (Anderson, 1981). The Pasha (viceroy) of Egypt, Muhammad Ali, was directed to restore Ottoman control. In 1811, Ali launched the first in a long series of counterattacks to accomplish this goal and, in 1818, compelled the surrender of 'Abd Allah, the head of the House of Sa'ud. In 1819, Ali destroyed the city of al-Dir'iyyah, razing it to the ground. After 75 years, the Wahhabite state was reduced to a fragile hold on portions of central Arabia. Wahhabism retained its vitality, but the House of Sa'ud was in a state of discord and acute internal dissension. The end of the 19th century it was succeeded by the House of Rashid as the dominant power in the Najd region (Anderson, 1981).

In his youth, 'Abd al-'Aziz had adopted the strict Islamic views of his father and gained a thorough knowledge of Bedouin practices during his flight through the regions of southern Najd, Qatar, and Bahrain. As leader he possessed significant physical strength, vitality and courage and, at the age of 21, chose to focus his energy on restoring the House of Sa'ud. 'Abd al-'Aziz’s first call to action was strategic and bold (Wynbrandt, 2010).

It is important to mention that Saudi Arabia was established through three states, called the First, Second and Third Saudi States. Each state had a different ruler and various events its progress, as summarised briefly in Table 1.
Table 1. Timeline of key events in relation to historical background events

<table>
<thead>
<tr>
<th>Date</th>
<th>Ruler</th>
<th>State</th>
<th>Commentary and relevant events</th>
</tr>
</thead>
<tbody>
<tr>
<td>1745-1765</td>
<td>Muhammad ibn Sa'ud</td>
<td></td>
<td>Alliance between Muhammad ibn Saud and Muhammad ibn Abd al Wahhabi formed, then ended with the capture of Abd Allah.</td>
</tr>
<tr>
<td>1765-1803</td>
<td>Abd al-'Aziz ibn Muhammad Sa'ud ibn Abd al-'Aziz 'Abdallah ibn Sa'ud</td>
<td></td>
<td>The Ottoman government became concerned with the actions of the Wahhabis in central Arabia. As early as 1784, the Wahhabi threat began to alarm Ottoman powers in Iraq. The seizure of Dir'iyyah by Egyptian troops marked the end of the first Saudi state.</td>
</tr>
<tr>
<td>1803–1814</td>
<td>Sa'ud ibn Abd al-'Aziz 'Abdallah ibn Sa'ud</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1814–1818</td>
<td>Turki ibn 'Abdallah ibn Muhammad</td>
<td>Second Saudi State</td>
<td>The challenge to Turki came about from within his own family. His cousin Mishari successfully contrived his assassination while Saudi forces were occupied in battle against Qatif and Bahrain. Faisal ibn Turki defeated Mishari in 1834 and became the imam of the Second Saudi State. Upon Faisal’s refusal to pay tribute to the Egyptian forces, they sent an expedition to Riyadh to capture Faisal and appoint Khalid the ruler of Southern Najd. This situation was maintained until Abdallah ibn Thunaian, a member of the collateral branch of the Al-Saud, rebelled against Khalid. Abdallah ruled in Riyadh until Faisal succeeded in escaping captivity in Cairo and returning to Riyadh. Faisal killed Abdallah, and his second chieftainship lasted until his death in 1865. The brothers Abdallah, Saud, and Abd al-Rahman were unable to achieve reconciliation and engaged in petty inter-tribal fighting. With the Rashidi takeover of Najd in 1891 and the Saudi family in exile, the Second Saudi state ended.</td>
</tr>
<tr>
<td>1824–1834</td>
<td>Faisal ibn Turki</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1834–1838</td>
<td>Khalid ibn Sa'ud</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1838–1842</td>
<td>Abdallah ibn Thunaian</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1842–1843</td>
<td>Faisal ibn Turki</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1843–1865</td>
<td>Abdallah ibn Faisal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1866–1870</td>
<td>Sa'ud ibn Faisal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1870–1875</td>
<td>Abdallah ibn Faisal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1875–1889</td>
<td>Abd al-Rahman ibn Faisal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1902–1953</td>
<td>Abd al-'Aziz ibn 'Abd al-Rahman</td>
<td>Third Saudi State</td>
<td>During the First World War (1914-1918), the allies paid much greater attention to the Sharif of Mecca than the emir of Najd. Riyadh remained under the authority of the Hail Amirs until 1902, when Abd al-'Aziz ibn Abd al-Rahman, known as Ibn Saud, returned from exile in Kuwait, killed the Rashidi Governor, and declared himself Amir of Riyadh, which is considered to mark the beginning of the Third Saudi State.</td>
</tr>
</tbody>
</table>


As illustrated in Table 1, unlike its predecessor, the second state was not destroyed at the hands of an external power, but instead due to internal fragmentation. However, the pattern of behaviour in the area of foreign relations in this period, particularly with the UK, confirmed that the weaknesses that had characterised the first Saudi state continued into the second (Goldberg, 1986). The third Saudi state was established by Ibn Saud despite the fact that he had spent much of his early life in exile. However, Saud not only recovered the territory of the first Al Saud Empire, but also made a state out of it. 'Abd al-'Aziz achieved this goal by manoeuvring among a number of forces. The first was the religious fervour that Wahhabi Islam continued to inspire. The Wahhabi army, the Ikhwan, for instance, represented a powerful tool, but it was so difficult to control that the ruler ultimately had to destroy it. Furthermore, 'Abd al-'Aziz had to anticipate the manner in which events in Arabia would be viewed abroad and to allow foreign powers, particularly the UK, to have their way.

In summary, Saudi Arabia has roots in Wahhabism, the 18th-century reform movement that called for a return to the simplistic, moral purity of the traditional Islamic community. The relationship between Wahhabi religious reformers and the House of Saud (Al Saud) brought about a fresh, captivating focus amongst Arabs in the peninsula, leading to renewed loyalties and the peninsula being united under the leadership of ‘Abd al-'Aziz ibn Abd Rahman Al Saud (Metz, 1993).

2.2.3 Nation-building: the rule of 'Abd al-'Aziz ibn Saud (1902-1953)

Abd al-'Aziz was now faced with the challenge of transforming the volatile Bedouin tribesmen into a reasonably unified group. Furthermore, from 1907 to 1908, the notion of a tribal force began to form. The literature on the formation of the current Saudi state provides detailed
analyses of the force with which Ibn Saud conquered various regions, placing strong emphasis on the noteworthy role of the Ikhwan (Goldberg, 1986; Metz, 1993; Vassiliev, 2000; Al-Rasheed, 2010; Lacey, 2010; Wynbrandt, 2010).

Ibn Saud was in need of a fighting force to expand both his territory and the reach of Wahhabism. However, Saud was not in a financial position to compensate tribes for their allegiance, nor did he have any control of caravan routes with which to provide trade advantages to allies. Therefore, the Wahhabi doctrine was used to lure recruits by establishing the Ikhwan, an army of Bedouins who embraced Wahhabi teachings with fervour (Wynbrandt, 2010).

The Ikhwan were the first organised military force to be subject to the educational programme of the mutawwa'ā’s (Najdi men of religion) among the nomadic population (Al-Rasheed, 2010). The Ikhwan were merciless both on and off the battlefield, aggressively enforcing public prayer, mosque attendance and gender segregation. Music, smoking, the consumption of alcohol, and the use of technology unknown at the time of the Prophet were strictly prohibited and condemned. The group attempted to convert non-Wahhabis by means of force, and their efforts to enforce this orthodoxy almost ignited civil war with town dwellers in 1916 (Wynbrandt, 2010). The Ikhwan became extremist in their religious beliefs, which meant that their soldiers did not fear death because they believed in shahada1 and Jannah2. This soul dominant in Ikhwan made it a powerful machine in Ibn Saud’s hands (Wardi, 1979).

Over time, over a hundred Ikhwan colonies were established, and their members became vehement in both religious fervour and military zeal. In effect, 'Abd al-'Aziz injected new life into Wahhabism as a unified force among townsmen and Bedouin tribesmen. The Ikhwan’s men significantly contributed to the ongoing movement to consolidate the Arabian Peninsula (Anderson, 1981).

In 1924, the Republic of Turkey abolished the caliphate, and al-Husain immediately declared himself the caliph of all Islam. The Wahhabites viewed this move as the final straw in a long line of indignities, and 'Abd al-'Aziz set the Ikhwan upon the Hashimites. In a swift campaign, the Wahhabite forces advanced upon Mecca. As a result, al-Husain abdicated in favour of his son, 'Ali, and fled into exile. 'Ali subsequently surrendered after several months under siege in Jeddah. In 1926, 'Abd al-'Aziz was proclaimed King of the Hijaz and King of Najd and its dependencies. The task of merging and consolidating this realm was complex (Lacey, 2010).

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1 shahada is the Muslim statement of faith, one of the Five Pillars of Islam.
2 Jannah is paradise which is the final abode of the Islamic believers.
In 1929, the Ikhwan’s opposition to Ibn Saud’s policies and rule led to the formation of a formidable and autonomous force, and the group’s cross-border raiding intensified. Ibn Saud faced a dilemma with Ikhwan as, in the beginning, he was indulgent and tolerant with them because he believed that their extremist beliefs would soften over time. On the contrary, these beliefs appeared to strengthen over the years and Ibn Saud later decided to fight the Ikhwan group (Wardi, 1979).

According to Wynbrandt (2010), three Ikhwan leaders, namely al-Dawish, Ibn Humayd, and Ibn Hithlayn, conspired to overthrow Ibn Saud and become rulers of Najd, Hijaz, and the Eastern Province. A notable factor in the Ikhwan rebellion was that the Ikhwan leadership had strayed outside the consensus among Muslims (Al-Rasheed, 2010). However, the Ikhwan’s attempts at revolt did not end Ibn Saud’s control of the region. Saudi Arabia engaged in two wars, firstly against Yemen in 1934 and then against Israel in 1948, for nationalistic reasons (Rentz, 1949). The suppression of the Ikhwan revolt in January 1930 marked the demise of militant Wahhabism (Lacey, 2010). Once the Kingdom of Saudi Arabia was established in 1932, Ibn Saud had ensured a consolidated royal lineage to provide continuity at the level of the leadership.

Since the humbling of the Ikhwan, many of the Wahhabis of Saudi Arabia showed increased tolerance towards both non-Wahhabi Muslims and non-Muslims (Rentz, 1949). Previously, foreigners and their towns had been almost entirely cut off from the closed Wahhabi society. Those individuals were there largely a result of the oil industry which depended on the work of foreign technicians, most of whom were Christian. However, at the time, newcomers and natives came to know one another, and their intermingling, both professionally and socially, became frequent. The following paragraph gives a summary of the rule of the royal family during the 20th century.

According to Wardi (1979), several factors helped Ibn Saud to be successful in his aims to unite the Kingdom. For example, Saud’s expertise of policy by Mubarak al-Sabah while he lived in Kuwait along with his charisma made him able to influence others and be generous with his allies.

An event that dramatically changed Saudi Arabia was the discovery of large, lucrative oil reserves in the Kingdom. Twitchell (Karl Twitchell, the mining engineer who had helped Socal negotiate the concession and whom the company had retained to help outfit the geologists) and subsequent generations of both foreign and Saudi engineers, scientists and experts were instrumental in establishing the Saudi empire. These efforts of these individuals in support of the ruling family not only served to help consolidate, institutionalise, and centralise Saudi political authority, but also aided in developing expertise, science and
technology as a key source of royal power. The active work of experts, in a transnational network of scientists and engineers for much of the 20th century, facilitated the enrolment of millions of Saudi subjects into the state’s emerging administrative order. They helped to secure the country’s borders, created new stores of knowledge and information on the environment and society, were consulted on and engineered the construction of infrastructure and other substantial physical manifestations of central authority, and assisted in the organisation of a centralised economy (Jones, 2010). Ibn Saud was aware of the threat of internecine conflict and its power in overturning Saudi rule, as had occurred during the Second Saudi state. Saud therefore issued a decree reorganising the Council of Ministers (Majlis al-wuzara) and granting more insiders an active voice in the decision-making process, with the aim of reducing the tensions that were likely to follow his death (Wynbrandt, 2010). As one of his final official acts of rule, Ibn Saud bestowed the rank of Crown Prince on his eldest sons Saud and Faisal. The two decades following the death of Ibn Saud saw the birth of a coordinated national development and construction programme, as oil revenues began to increase.

2.3 Society and the environment

2.3.1 Geography

Occupying an area equivalent to Europe or India at 865,000 square miles, Arabia is the world’s largest peninsula (Wynbrandt, 2010). Saudi Arabia is the biggest country on the peninsula, covering approximately 80% of its area (Metz, 1993).

The Saudi Arabian coastline borders parts of the Persian Gulf and the Red Sea, which are also shared by nations including the Gulf States and Jordan. There are significant historical and cultural commonalities, such as single-family rule, in many of the region’s countries. Kings rule in Saudi Arabia and Jordan, whilst Emirs rule in the Persian Gulf States. In these nations, tribal loyalties are significant, and nomad populations have only recently begun to decline (Metz, 1993). According to the Saudi government, there are five primary regions in the Kingdom of Saudi Arabia, totalling approximately 2,217,949 square kilometres, as follows:

- Najd Province: the historical seat of the Wahhabi movement (Muwahhidun) and the House of Saud, and the central region of the KSA;
- Al-Hasa Province: the eastern region of the KSA, now referred to as the Eastern Province (Al-Sharqiyya);
- Hijjaz Province: the western region, which consists of the primary business centres of the Kingdom. The holiest cities of Islam in the country, Makkah and Media, are also
located in this region and receive in excess of a million Muslim visitors annually (Al-Farsy, 1986);

- Asir Province: the southern region of the KSA (Abir, 1993; Wynbrandt, 2010); and
- Shammar Province: the northern region of the KSA (ibid).

The majority of the country is desert terrain. During the summer, the daytime temperatures are typically as high as 45°C. In coastal areas, there is high humidity. Furthermore, during December and January, the temperature during the day reaches approximately 15°C (Wynbrandt, 2010).

In the 1950s, the Al-Hasa Oasis was measured and found to cover approximately 160 square kilometres (approximately 25km in length and 18km in width), 100,000 acres of which were being cultivated (Jones, 2010). The Al-Hasa Oasis is two separate oases divided by a band of sand. When combined they form an L-shaped area in the eastern desert. In the early 1950s, the eastern oasis, which is the largest of the two, housed a population of 35,000 (Vidal, 1955).

### 2.3.2 Population

For many years, the peninsula was named *Jazirate Al-Arab* (which translates as Island of the Arabs) by its inhabitants, who were primarily Assyrians, Babylonians, Egyptians or Israelites (Wynbrandt, 2010). The population of Saudi Arabia was culturally diverse, and Saudi people prioritised living according to God’s commandments as detailed in the Quran and by the Prophet Muhammad. However, the varied groups inhabiting the KSA interpreted God’s law in different ways. Some groups contended that traditional values should be amended to be more reflective of contemporary society, whilst others advocated the exact opposite, that modern society should conform to traditional values. Conflict between the two views has been particularly evident in discussions of the role of women in Saudi society. Traditionalists espoused the absolute segregation of men and women in public and believed that women’s education should focus on domestic skills. Conversely, liberals promoted changing ‘separation values’ to ‘modesty values’, which would foster more educational and professional opportunities for women (Metz, 1993).

The majority of Saudi Arabia’s settled inhabitants were connected to a range of kinship networks and were members of tribal groups. There were close ties between settled and nomadic tribe members which endured for several generations. Occasionally, the same oasis housed members of different tribes, although they lived separately (Vassiliev, 2000).

The nomadic population and those of towns and villages with tribal affiliations emphasised the concept of tribal identity. There was a large Shia population in the Eastern Province which had strong cultural ties to Iran, Bahrain and other states in the Gulf region, as
well as to India, Yemen and Africa. The Najdi merchants and tribal associations began to focus on the agricultural region of Hasa. The nomads from Najd travelled to markets at ports and oases with animals and animal products such as butter, camels, sheep and horses, in order to trade agricultural products including grain and dates (Al-Rasheed, 2010).

In terms of population and geography, the Asir Province has more in common with Yemen than Saudi Arabia. Until the early 20th century, there were three separate geographical regions of Najd, with town centres akin to independent city-states. The development of Najd began in earnest in the 1960s. Prior to this period, the region was relatively isolated. Geographically, the region is located in the centre of the peninsula and surrounded by three deserts and mountains. The populations of the region’s towns had Gulf, Hijaz, and African connections.

The Hijaz Province contained the holy sites of Islam and was visited by many pilgrims. Historically, the province had direct connections with the Ottoman system of bureaucracy. Several of its cities, such as Mecca, Medina, and Jeddah have experienced immigration for hundreds of years as pilgrims arrived and subsequently decided to remain and reside in the region. There were strong Indian and Indonesian communities in Mecca, while Jeddah was populated by Persians and Hadramis (of Hadramaut or Aden descent), and Africans, and migrants from other Arabic-speaking regions of the world (Metz, 1993).

The nomadic population began to thrive during the 1st and 2nd centuries through the process now referred to as ‘Bedouinization’ (Wynbrandt, 2010). According to Metz (1993), the word ‘bedouin’ originates from Badawi, an Arabic word that translates as nomads and typically refers to the life of a desert camel-herder. Hence, whilst the two terms are frequently used interchangeably, ‘bedouin’ differs from ‘qabila’ in the sense that the former refers to an occupation, and the latter is translated as tribe. Moreover, in a Bedouin camp, there is one tent per family, and when a clan of families pitch their tents together, it is referred to as a ‘havy’ or district, with a leader called a Sheikh (Wynbrandt, 2010). For centuries, slavery was prominent in Saudi Arabia, particularly in Mecca, and significant in other towns such as Hufuf and Muscat (Vassiliev, 2000). Slaves were forced to perform the most difficult, labour-intensive tasks. Other jobs of slaves included taking livestock to pasture, carrying water, pitching and dismantling tents, and gathering firewood (ibid). Vassiliev (2000) has stated that slavery was not formally abolished until 1962 and numerous slaves, as well as concubines and their children, were liberated in Saudi Arabia at this point.

In the early 1990s, the distribution of the population differed significantly throughout towns in the eastern region, the coastal western region, the interior oases which had high-density populations, and the expansive, barren deserts which had few inhabitants. This could largely be
attributed to the fact that less than 1% of the total area of Saudi Arabia can be cultivated (Metz, 1993).

### 2.3.3 Religion

Historically, religion has been an aspect of life that almost all people share. Judaism and Christianity are the two leading global religions, and in many regions religion is a major element of culture. King Abdulaziz gained control of Saudi Arabia by bringing the Arab State together as one nation under Islam (Al-Farsy, 1986). In the Kingdom, Wahhabism is the official form of Islam and is given full state support.

Islam is based on the Quran and the teachings of Muhammad. The word Islam is derived from *salam*, meaning peace (Metz, 1993; Wynbrandt, 2010). Moreover, Islam has become ingrained in all aspects of society and politics in Saudi Arabia. There has been no separation of church and state. Therefore, the ruling Al Saud family have taken political precedence over the religious scholars known as *ulama*. Since the 18th century, the driving force legitimising the Al Saud family has been their strong links with the *ulama*, who called for strict Islamic interpretations of Muhammad ibn Abd al-Wahhab. The conservative *ulama* have promulgated the traditional social and political morals that shaped Saudi Arabia at the beginning of the 1990s (Metz, 1993).

The Prophet Muhammad was born in 570 A.D., which seems to be the point to which most Saudi Arabians and many other Muslims and Arabs trace their lineage. Typically, the pre-Islam period is known as the ‘time of ignorance’ (i.e., of God) (Metz, 1993, p.7). Almost all citizens of the Kingdom of Saudi Arabia are Sunni Muslims. Islam is the established religion, and its institutions are supported by the government both in terms of power and wealth.

The Sunna represented unchanging conventions and were employed and acted upon according to *ijma* (consensus among ulama) or *qiyas* (analogy), meaning that any advances with no precedent under *ijma* were in violation of the Sunna, which was referred to as *bida* (Vassiliev, 2000). Consequently, only approximately 5% of the total population of Saudi Arabia are now Shia (with estimates ranging from 200,000 to 400,000 people). The Shia are mainly found in the Eastern Province, particularly in the Qatif and Al-Hasa oases, where they account for approximately one-third of the population (Metz, 1993). The Shia have encountered many problems within the Islamic Saudi Arabia.

According to Vidal (1955), the population of Al-Hasa was around 160,000 in the early 1950s, although others cite either higher or lower figures. Over half of all Hasawis lived in the oasis’s two main cities, with approximately 60,000 residents in Hofuf and 28,000 in al-Mubarraz. The remaining 70,000 or more were spread throughout the oasis itself (Vidal, 1955).
The strictly confidential correspondence of Aramco states that the company was very interested in knowing the composition of the labour force, and particularly the Saudi Arabian labour force. Company records do not show very accurately the places of origin or types of people who were working for Aramco. The company had to go out and interview many people and collect a lot of data, particularly in the towns from which they originated. Then they took all of the information that they were able to gather, sorted it and created the table below entitled ‘Aramco Saudi Arab Labour Force By Origin and Major Types in 1949’ (Harry Roscoe Snyder Papers, 1949, p.5).

Table 2. Origin of Aramco Saudi Arab employees by major types, early April 1949

<table>
<thead>
<tr>
<th>Origin</th>
<th>Sunni Bedu</th>
<th>Sunni Hadhr</th>
<th>Shia Hadhr</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qatif</td>
<td></td>
<td></td>
<td>2300</td>
<td>2300</td>
</tr>
<tr>
<td>Hofuf</td>
<td></td>
<td>1100</td>
<td>1300</td>
<td>2400</td>
</tr>
<tr>
<td>Hasa</td>
<td>1500</td>
<td>1000</td>
<td></td>
<td>2500</td>
</tr>
<tr>
<td>Najd</td>
<td>2200</td>
<td></td>
<td></td>
<td>2200</td>
</tr>
<tr>
<td>Hejas</td>
<td></td>
<td>400</td>
<td></td>
<td>400</td>
</tr>
<tr>
<td>Najran</td>
<td>2300</td>
<td></td>
<td></td>
<td>2300</td>
</tr>
<tr>
<td>Total</td>
<td>6000</td>
<td>2500</td>
<td>3600</td>
<td>12100</td>
</tr>
</tbody>
</table>

Table 2 demonstrates that the majority of Aramco workers were Sunni (either Bedu or Hadhr) who came to work from different regions of Saudi Arabia. Vidal (1955) identified the nature of the socio-religious and hierarchical system in Al-Hasa, which may be considered the strongest characteristic of the oasis. The population was mixed Sunni and Shiite (with Shiites representing a slight majority), which was unique in Saudi Arabia. Vidal (1955, p.96) observed that “religious differences in everyday life become mainly apparent in the division of labour (a majority of traders being Sunnites; a majority of craftsmen being Shiites) and in education”.

The Saudi empire’s political credibility was dependent upon an interpretation of Islam first outlined by the 18th century cleric, Muhammad ibn Abd al-Wahhab, which held Shiites in particular disregard. In the 1920s, whilst the Saudi empire was being consolidated, certain members of the family’s most ardent and zealous supporters rebelled against the Saudi leadership due to 'Abd al-'Aziz ibn Saud’s hesitation to murder members of the Shiite denomination. It is important to mention that the Shiite enmity against the Saudis was equally fervent, and Shiites in the Eastern Province raged against Saudi-Wahhabi rule. Moreover, potential Shiite resistance to Saudi rule in the mid-century was an additional threat because of
the region’s large oil reserves. Indeed, anti-Shi’ism played a pivotal role in supporting the Ikhwan revolt against King ’Abd al-’Aziz ibn Saud in 1926, since leading Ikhwani figures claimed that the Saudi regent had refused to deal with them using the Wahhabi sharia\(^3\) (Jones, 2010).

According to Metz (1993), the Shia riot in Al Qatif in the Eastern Province took place two weeks after the Grand Mosque siege in 1979 and it served only to add to the administration’s problems. Many of the rioters held posters with pictures of Khomeini\(^4\). Whilst there had been other Shia protests against government discrimination in the Kingdom in 1970 and 1978, the rioters were encouraged by the exultant early 1979 return of Khomeini to Iran. In response, approximately 20,000 national guardsmen were transferred to the Eastern Province. Subsequently, hundreds of demonstrators were arrested, and a number were killed. Following the conflicts in 1979 and 1980, the leaders of the Kingdom’s regime became more assertive in global politics and were able to secure Saudi Arabia as the location for the January 1981 Organization of the Islamic Conference (Jones, 2010).

In a theological context, interactions between the Shia and Wahhabi Sunnis are contentious. This was primarily due to the fact that the Wahhabis deemed Shia rituals to be the embodiment of *shirk* (polytheism; translated literally as "association"), particularly the Ashura mourning celebrations, the passion play re-enactment of the death of Husayn at Karbala, and common prayer rituals at gravesides and shrines (Metz, 1993). Also, the Saudi Government did not merely fail to heed calls for greater equality, but in fact erected barriers to Shia advancement. These included limits to the kinds of employment Shiites were eligible for. Jobs in the public sector, particularly in the police and military forces, were almost entirely closed to Shiites. So, for the most part, were management positions in important industries, including at Aramco. The Saudi government also banned Shiite religious rituals and observances. The most important bans were those on the construction of Shia mosques and on the observance of Ashura, when Shiites publicly commemorated the martyrdom of their first imam, Hussein, the grandson of the Prophet Muhammad (Jones, 2010).

Within the Sunni form of Islam, the four great schools of law are:

- The Hanafite (Hanafi) School;
- The Malikite (Maliki) School;
- The Shafi’ite (Shafi’i) School; and
- The Hanabalite (Hanabali) School.

---

\(^3\) Wahhabi sharia is strict Sunni Islamic founded by Muhammad ibn Abd al-Wahhab

\(^4\) Khomeini was an Iranian revolutionary, politician, and cleric.
The Hanabalite School is the chief school of law in Saudi Arabia, although the other three are also highly respected (Wynbrandt, 2010). Whilst the Sunni are banned from further judicial development, the Shia can develop new religious laws since they have mujtahids, who are scholars allowed to represent and translate the thoughts of the imam, who remains faultless, inspirational, and hidden (ibid).

Customarily, the ulama were teachers of the devout and the sons of rulers and they had religious and judicial responsibilities. However, the puritanical Wahhabi ulama focused solely on studying the Shari’a and its acceptable interpretations, recognising the law of Islam and disregarding other subjects. Conversely, there was a centre of Islamic scholarship in the broader sense in Hijaz, which contained the holy cities. From the beginning of the 20th century onwards, scholars of religion found the progression of modern education in the Ottoman Empire to be advantageous (Abir, 1993).

The ulama, as Islamic religious leaders, were of particular benefit to the Saudi rulers, who provided them with religious legitimacy. Saudi Arabia was the only Muslim country in which the ulama were so politically influential, with the exception of Iran where the ulama there held government positions. The ulama in Saudi Arabia comprised the following figures (Metz, 1993):

- Religious scholars;
- Qadis (judges);
- Lawyers;
- Seminary teachers; and
- Mosque imams (prayer leaders)

2.4 Historical development of the economy in the Kingdom and Saudization

2.4.1 History of the Saudi economy

The development of the Saudi Arabian economy has gone hand in hand with the establishment and expansion of the Saudi state during the past fifty years. Two factors helped to build the state: the power of religion (Islam) and the power of oil. As Metz (1993) stated, the integration of three events created the basis of the current structure of the Saudi economy: the discovery of oil in the Eastern Province in 1938; the foundation of the Kingdom of Saudi Arabia, which merged different areas of the Arab peninsula beneath one ruler; and the greatly improved position of the newly established Saudi Arabian oil industry as a result of the rebuilding of Europe after World War II. This led to a need for cheap, reliable sources of oil, and this need strengthened the economy of the Kingdom.
For thousands of years, the economy of the Arabian Peninsula was limited to an independent group of people who lived near water sources such as wells and oases. The majority of people in the Kingdom were engaged in agriculture, such as the nomads who raised livestock. However, as a result of their lack of income, the nomads created multiple resource systems that helped them to live, such as control over small oases, the services of merchant caravans and pilgrims, and direct cultivation (Jones, 2010).

It is important to note that the economic philosophy of Saudi Arabia has changed over time, but the royal family’s policy has not changed since the reign of Abd al Aziz. The royal family’s goal is to improve the economic conditions of the country's citizens while retaining society's Islamic values. Embedded in this aim, however, is the issue of political control (Metz, 1993). Meantime, the US administration has viewed Saudi oil as a strategic asset, which led them to begin pressurising the Kingdom to meet Western standards and to modernise (Yizraeli, 2012). The royal family’s policy faced a two-pronged challenge. On the one hand, there was pressure from Aramco and the American administration to develop the economy with no such pressure from the political and governmental system. On the other hand, there was religious pressure to expose society to Western norms and values as a result of this development (ibid). Eventually, the Kingdom entered into a process of economic development; however, the impact of this development on society was restricted to ensuring the survival of the traditional religious culture.

In the early first stages of the economic development of the Kingdom, the only economic opportunities for Saudis were linked to employment in the military, the distribution of land and farming, and some modest contracts and commissions, especially in the Al-Hasa region. Abd al Aziz's revenue was sufficient to allow just a minimum level of government employment for Saudis, but not to commit to large economic and social projects. Although the development of the Kingdom's oil resources resulted in wage payments to some Saudis and the local purchase of goods and services by foreign oil companies, the impact on the Saudi economy was initially minor because the main beneficiaries of oil exports was the ruling family and its tribal allies (Metz, 1993). Indeed, Aramco’s involvement in development stemmed from economic interest. For example, Aramco supported the local production of goods and services to improve the company’s main line of activity, rather than purchasing these goods and services outside Saudi Arabia (Yizraeli, 2012).

In the same vein, in the second stage of development up to the 1970s, there were slow improvements in the country’s economy due to the income from oil, as well as the establishment of economic organisations that operated under financial restrictions. For example, the Saudi Arabian Monetary Agency (SAMA) was created in 1951 to serve as the country’s central bank,
and in 1962 the General Petroleum and Mineral Organization (Petromin) was formed (Jones, 2010). However, as a response to suggestions from International Monetary Fund advisers, the Kingdom established a planning agency in 1958. However, planning was limited in the 1960s partly due to financial constraints (Mertz, 1993). The government concentrated on directing its limited funds towards the development of human resources, and the transportation system and other infrastructure issues. In 1965, planning was formalised in the Central Planning Organization which, as part of the 1975 government reorganisation, became the Ministry of Planning. The Ministry of Finance and National Economy controlled funding, however, and appeared to exert considerable influence over the implementation of plans (Mertz, 1993).

In the third stage, the Kingdom launched five-year stages of a Development Plan. The planned expenditure was concentrated on defence, education, transportation and utilities projects. The First Development Plan (1970-75) was drafted in the late 1960s and became effective on September 2, 1970, at the start of the fiscal year (Al-Farsy, 1986). Successive plans of the Kingdom over the following decades contributed to the development of the Saudi economy, in particular in education, transportation and health. However, those most influenced by these developments were the Saudi citizens, whose lives were massively transformed in the latter half of the twentieth century as a consequence of the end of traditional ways of life and the rise of a modern economy. The Saudi labour force experienced enormous changes as a result of huge developments in both the oil and non-oil sectors. These changes affected the way of life of most Saudi citizens and a large number of Saudis moved into government service in these sectors. Moreover, many foreign workers were also brought into the Kingdom by the private sector.

Increasing the percentage of non-Saudi workers has proven economically problematic. One issue has been that, low-skilled positions and other roles in the private sector that could have been filled by Saudi workers instead go to non-Saudi workers. According to Metz (1993, pp.60-61):

“The number of foreigners was estimated at 4,563,000, with a total foreign work force of 3,522,700. In 1990, the number of foreigners had risen to 5,300,000. In 1990, the greatest number of foreign workers came from Arabic-speaking countries, chiefly Egypt, followed by Yemen, Jordan, Syria, Kuwait, and Palestinians, then Pakistan, India, the Philippines, Sri Lanka, and the Republic of Korea (South Korea). Approximately 180,000 came from European countries and 92,000 from North America”.

Overall, some projects in which Aramco became involved were carried out at the Saudi government's request rather than on the company’s own initiative, such as building railways. It
was only in 1975 that Aramco began to play a role in Saudi Arabia’s domestic development plans, in accordance with the five-year plans drawn up by the Saudis with the help of American experts. At no stage of its activity in Saudi Arabia did Aramco publish a comprehensive plan of its own for the country’s development. Nevertheless, there is no doubt that its activities had an important indirect influence on the course of economic and physical development undertaken by the Saudi Government (Yizraeli, 2012).

2.4.2 The Saudi economy: 1999 and beyond

The development of Saudi Arabia’s economy progressed for many years with the same aim, which was to improve the infrastructure of the Kingdom in all services. The whole world suffered from the disturbances that arose as a result of low oil prices in 1999 and the global financial crisis in 2008, but the economy of Saudi Arabia successfully overcame these obstacles.

Two important economic sectors have been heavily developed in the country and have received close attention from the Saudi Government. The government believed that the citizens of the Kingdom were the most crucial elements of the economy after infrastructure. The first sector to gain the government’s attention was the public sector. For example, public schools, universities and hospitals were under government control, and although some schools and universities were not government-owned they were administered by the government. The government is the major employer in Saudi Arabia and many Saudis prefer working for in public sector organisations. Mellahi (2007) stated that the reason for this predilection of local employees for jobs in the public sector is that its organisations are seen as involving a social contract between the government and its employees which results in robust assurances on welfare. Its rapid growth meant that the public sector was overwhelmingly manned by Saudi citizens. Indeed, job security is another main reason for Saudi employees to prefer the public sector.

The second sector to gain the government’s attention was the private sector. As mentioned above, the massive planning and development undertaken in the Kingdom required the participation of a huge number of foreign workers for long periods, which displeased Saudis (Metz, 1993). For example, the private sector in Saudi Arabia had reached a level of ‘Saudization’ (a process that refers to the replacement of expatriate workers by local citizens) of only 10% in 2011 (Al-Asfour and Khan, 2014). However, as a result of this low level of Saudi workers in the private sector, the government launched a “Nitaqat” initiative which was adopted by the Ministry of Labour in its ninth developmental plan for 2009-2014. The rate of
workforce nationalisation increased during the last three months of 2011 after this initiative was implemented.

2.4.3 The Saudi economy: Saudi Vision 2030

Despite the development plans of the Kingdom over the decades, Saudi Arabia still depends heavily on oil. As Al-Darwish et al. (2015, p1) indicated, “The Saudi Arabian economy remains very dependent on oil revenues to support growth and fiscal and external balances. Over 90 per cent of fiscal revenues and 80 per cent of export revenues come from the sale of oil”. With the goal of decreasing dependence on oil, boosting economic diversification and improving several economic sectors, the government of Saudi Arabia launched its Vision 2030 on 25 April, 2016. The sectors these improvements were aimed at include tourism and recreation, as well as health, education, and infrastructure construction (Nurunnabi, 2017). A further priority is the localisation of jobs.

It should be noted that Vision 2030 clearly stresses the importance of diversifying the Saudi economy. According to the accompanying policy document, Saudi Vision 2030 (2016, p.42):

“Diversifying our economy is vital for its sustainability. Although oil and gas are essential pillars of our economy, we have begun expanding our investments into additional sectors. We understand that there are complicated challenges ahead but we have long-term plans to overcome them. In the past 25 years, the Saudi economy has grown by an annual average rate of more than 4 percent, contributing to the creation of millions of new jobs”.

Historically, until the mid-twentieth century and before oil, the population of Saudi Arabia amounted to less than one million. Furthermore, the provinces that today comprise Saudi Arabia were populated with few people, in coastal settlements and small trading towns in the interior and some agricultural settlements such as the Hofuf oasis at Al-Hasa in the east and the mountainous region of Asir in the south-west. However, by 2000, Saudi Arabia had one of the highest rates of population increase in the world. This has inevitable consequences for employment, with a great deal of media comment, official documentation and even more academic work regarding employment issues, job creation and the need for the so-called Saudization of the workforce, (Al-Dosary and Rahman, 2005). Currently, Saudi Arabia has embraces plans through Vision 2030 to reinforce and diversify the capabilities of the Saudi economy, turning the key strengths of the Kingdom into enabling tools for a fully diversified future (Vision 2030, 2016).
2.4.4 Saudization policies

The term "Saudization" refers to the inclusion of Saudi workers into the Saudi labour market, regardless of whether or not they are replacing foreign workers. Meanwhile, the terms "localization" and "indigenization" of labour are interchangeable (De Bel-Air, 2015, p.21). The Saudi Government Residence Regulations mandate that companies must have more Saudi employees than foreigners (article 45, sub-section 4). However, even before the enactment of this legislation, Saudi authorities insisted on using Saudis for all labour that fell within their capabilities. Furthermore, the Ministry of Finance in Jeddah had to approve the hiring of foreign workers (Seccombe and Lawless, 1986, p.570). Al-Dosary and Rahman (2005, p.496) have also defined Saudization as a development strategy in which foreign workers are gradually replaced with Saudi citizens, which is largely achieved by meeting different employment quota targets.

The Saudization measures implemented by the Saudi government have focused on the following strategic objectives (Ramady, 2010, p.366):

1. To increase the employment rate amongst Saudi nationals in all sectors of the domestic economy.
2. To lessen the existing over-reliance on foreign workers.
3. To recapture and reinvest income that would have otherwise been paid to the home countries of foreign employees through remittances.

To achieve these objectives, “Saudization” has focused primarily on administrative interventions instead of altering the prices and regulatory mechanisms that result in segmented markets. Although the Saudization by decree process has been somewhat successful, this has come at significant costs, resulting in inefficiencies that would have been minimised through the implementation of a market-oriented policy. Saudization has been in process since the mid-1990s and has been further enhanced through the consolidation of labour policy jurisdiction, which was initiated by the Ministry of Labour in 2004. This ultimately ended the problem of different government agencies issuing work visas. This was a critical requirement under the nationally-integrated labour policy (Hertog, 2012).

The state sector employs the vast majority of Saudi residents, and one of the most important objectives of the Vision 2030 initiative is to reduce this number to 20% by 2030. However, Saudis are largely underrepresented in almost all private-sector industries at present, with the exception of agriculture, finance, mining, real estate and utilities. High wage requirements and misaligned career expectations plague Saudi private-sector employment,
whilst jobs in this sector pay less and offer less job security than in the public sector. The emphasis on public-sector work is also due to the rapid development of the civil service, which has led job seekers to believe that they can rely on the government for employment. Meanwhile, Kennedy (2020) highlights the issue of women being largely underrepresented in the private sector.

Even though the government has made significant efforts toward achieving Saudization, most of this progress has been made in the public sector. A majority of government institutions have increased the number of Saudis in their labour force to approximately 65%. By contrast, only 500,000 visas were issued to foreign workers in the private sector in 1995 (Al-Dosary & Rahman, 2005, p. 499).

Based on their strategic goals, the Saudi government has attempted to speed up Saudization by implementing the following measures (Ramady, 2010, p. 367):

- Strict adherence to the resolutions and circulars pertaining to Saudization and improving relevant implementation systems.
- Giving the Human Resources Development Fund (HRDF) the freedom to directly implement training that ends with actual employment.
- Providing more information about available job vacancies to Saudi applicants and informing employers about the features of the unemployed national workforce.
- Empowering the agencies responsible for national training and employment to improve human and technological potential.
- Making sure that foreign labour recruitment is in line with Saudization policies and ensuring that foreign workers are only recruited in job categories with limited national workforce supply.
- Investigating wage levels and implementing a suitable wage policy that establishes a balance between the employment of Saudis and private sector growth.

Saudi banks (and various other companies) have shown great potential in the field of Saudization. It was in 1976 when the Saudization policy for foreign banks operating in the country was first implemented, and this represented a milestone for the Saudi banking sector.

This new policy had far-reaching consequences which are still prevalent to this day. This approach required international bank branches to become public corporations under Saudi control. One of the main reasons for Saudization was that Saudi Arabian branches of foreign banks were implementing the policies developed by their foreign parent banks. However, such policies have not always aligned with local development plans, as they have predominantly focused on short-term foreign trade and have not given much consideration to long-term loans. Additionally, foreign banks were highly concentrated in Jeddah and Riyadh, whilst rural areas
have limited banking services. They also failed to report to the SAMA (their final regulator) and their profits were sent abroad (Ramady, 2010. p.116).

Several researchers (including Chaudhury, 1989; Kapiszewski, 2001 Cordesman, 2003) have stated that the country's Saudization process is both a blessing and a curse. The key advantage of the policy is that it reduces Saudi Arabia's current reliance on legal (and illegal) foreign employees, which should theoretically mean that there would be more job opportunities for Saudi citizens. However, most foreign workers take on jobs that young Saudis do not want to engage in due to their social and religious beliefs.

Although the Saudization concept and its effectiveness have been investigated by many researchers, opinions on the policy are mixed (Looney, 2004, Al Sultan, 1998, Al-Sheekh, 2001). For the most part, these opinions are cautiously optimistic, so long as important labour and wage reforms are implemented. However, some researchers believe that demographic pressures will cause long-term issues if the government do not put employment generation measures into place soon (Al Toaijeriy, 2001, Abdel-Rahman, 2006). The Saudization policy has been somewhat successful in replacing foreign staff with Saudi citizens, but this has been largely concentrated in the public sector where hiring control is greater than in the private sector (Ramady, 2010, p.365).

Despite the official mandates and laws (as well as certain inducements and encouragements that will be discussed in greater detail below), the private sector seems to be hesitant to replace foreign employees with Saudis. Some researchers attribute national work aversion to work Saudi cultural sentiments. Thus, as Saudis have negative attitudes toward some forms of work, many ex-pats are working in Kingdom. This is despite the fact that Saudi Arabia is the only GCC country that has a sufficiently large population to continue the country's economic growth alone (Looney, 1991, Nur Uthman, 1995). Moreover, this negative attitude has been worsened through the recruitment of foreign workers whilst simultaneously offering national citizens generous state welfare benefits. Ultimately, this has created a vicious cycle, encouraging Saudis to withdraw from the job market. It is difficult to explain why 150,000 Saudis did not return to their guaranteed private-sector jobs that had been assigned to them by labour offices in the last four years, a jaw-dropping statistic revealed by the Ministry of Labour. Additionally, work ethics have become a matter of debate amongst researchers within and outside the Kingdom (Shatkin, 2002; Cordesman, 2003; Niblock, 2004; Ramady, 2010. p.368).

There are various reasons behind the private sector's hesitance to follow Saudization practices. These are largely based on statements made by important Saudi business leaders in the media. The private sector believes that market forces are at least part of the solution to these problems. Saudi citizens will have to become more realistic in their demands for salary and
working conditions over time. Saudi government policy has primarily focused on restricting expatriate employment through quotas and higher costs. However, due to the relative dearth of skills in the Saudi labour force, this may not be the best approach to improving the country's economic development. Nonetheless, it is possible that the foreign workforce at the lower skill levels may never be fully Saudized because they do not play a big role in enhancing national productivity. For instance, approximately 1.8 million foreign women were employed in Saudi Arabia in 2008, many of whom were employed as housemaids. It is unlikely that Saudi citizens would want to undertake these roles due to religious, cultural and social reasons. On the other hand, some press reports have indicated that Saudi women are now increasingly employed in household day jobs within Saudi families (Ramady, 2010. p.368).

2.5 the development of corporations in Saudi Arabia as a modern institutional emergence

The number of companies operating in Saudi Arabia has been steadily increasing since the 1940s. It was in 1938 that oil was discovered in commercial quantities by the first multinational company (Aramco), after which the country’s oil resources developed significantly. This started a trend of foreign oil companies purchasing local goods and services. Moreover, there are two other production concessionaires to mention. Firstly, the Getty Oil Company acquired a concession for the Saudi-Arabian half of the Kuwait-Saudi Arabia neutral zone in 1949 following its relinquishment by Aramco the previous year. Subsequently, an agreement was reached between the Getty Oil Company and the American Independent Oil Company, the latter of which obtained a concession for the Kuwait half of the Neutral Zone. This enabled both companies to engage in joint oil exploration. Later, in 1953, oil was struck at Wafrah, with exports commencing in 1954. Three years later, the Japanese-owned Arabian Oil Company (AOC) acquired a concession for the offshore areas of the Neutral Zone, where drilling started in 1959. However, oil was not discovered until January 1960 (Hitti and Abed, 1974).

Moreover, the oil companies were amongst the first corporations to set up training facilities in Saudi Arabia. The first major management consulting companies to provide services to set up MNCs in the country included McKinsey, Arthur D. Little, the Boston Consulting Group, Deloitte and A.T. Kearney. In addition to the hundreds of MNCs operating in the country, these corporations have been significant contributors to the implementation of change and the development of new theories applied to public and private companies. Firms such as ARAMCO and SABIC have been heavily dependent on American skills and expertise for their development. In line with this, it is unlikely that Arabian companies would have been
able to develop so successfully without the contributions made by American-based companies (Ali, 2009). Thus, the Saudi Arabian Monetary Agency (SAMA) was established in 1952 to act as the central bank and, shortly afterwards, the General Petroleum and Mineral Organization (Petromin) was created in 1957 (Metz, 1993).

During the mid-1970s, the government had chosen to spend a majority of its growing oil revenues on extensive development. Industrialisation with a key component of this initiative and this was largely achieved through investments in processing plants using the national hydrocarbon resources (Metz, 1993) As a result of this policy, at least five years’ worth of large investments were spent on developing the necessary plants and infrastructure. To achieve this, the gas system, as well as the pipelines for crude oil and gas, had to be financed and constructed to facilitate the transferral of raw materials to the two selected industrial sites—Al Jubayl (or Jubail) and Yanbu al Bahr (usually referred to as Yanbu). This development initiative also included several other projects, including the expensive development of the airports at Riyadh and Jiddah, as well as the construction and development of hospitals, schools, sports, industrial plants and roads. The total expenditure for this venture totalled US$500 billion by the mid-1980s (Metz, 1993).

Furthermore, the government provided concessionary loans and operating subsidies to help private companies develop and operate their electricity networks in order to facilitate the generation of electric power. They also modernised water distribution facilities and constructed multiple desalination plants, dams, drilled wells and pumps. Efforts were also made to improve telecommunications to international standards, enabling Saudi Arabia to manage the communication of local and international telephone, telegraph, maritime, and television distribution services. What’s more, the government significantly increased its investment in education to approximately 10% of the total budget under King Faisal ibn Abd al Aziz Al Saud (1964-75) (see Table 3).

Table 3. The development of Saudi companies during the 20th century

<table>
<thead>
<tr>
<th>Industry Development During the 20th century</th>
<th>First Corporations in Saudi Arabia</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Oil sector</td>
<td>Aramco company (1938)</td>
</tr>
<tr>
<td></td>
<td>the Getty Oil Company (1949)</td>
</tr>
<tr>
<td></td>
<td>Arabian Oil Company (AOC) produce and export oil from the Kuwait-Saudi Arabia Neutral Zone (1953).</td>
</tr>
<tr>
<td></td>
<td>SABIC company (1976)</td>
</tr>
</tbody>
</table>
Other Producing Sectors


Economic Development Sector

Electricity network and Telecommunications (1964-75).

Banking Sector


Oil prices continued to decline throughout the late 1980s. In addition, economic conditions weakened and significant internal and external financial imbalances developed. These factors pushed the government to adapt its policies and implement major spending cuts. The government enhanced its efforts to reduce the fiscal imbalance from the mid-1990s and attempted to promote growth and employment in the private sector. It was critical that the expenditure rationalization policies carefully considered the relative efficiency of expenditures, as well as the social dimension of expenditures. This included a heavy focus on wages, employment and public sector benefits (Al-Asmari, 2008).

At present, the industrial sector remains relatively weak. However, of the 100 largest companies in Saudi Arabia in the early 1990s, 75 were operating in the service sector. The remaining companies operated in the industrial sector. Nonetheless, the situation has transformed significantly in recent times, with 35 companies (including 10 petrochemical firms) operating in the industrial sector, as well as four diversified companies (Ali, 2009). Back in 1991, the 100 biggest companies in Saudi Arabia were ranked by the Saudi Arabia AlMajalah magazine. This revealed that most companies were situated in the cities of Riyadh and Jeddah (35% and 43%, respectively). Moreover, figures produced by Ali (2009) show that a majority of these companies had initially been set up during the 1970s and 1980s (36% and 27%, respectively).

2.6 The labour policies and labour rights and their development in Saudi Arabia

Labour force is a term with varying definitions between different countries and authorities (such as the International Labour Authority). Nonetheless, it is widely accepted that the term covers all employees, self-employed individuals and those seeking employment. Marshall (Oxford Dictionary of Sociology, 1998) defines the concept as the number of people (aged 16-65 years)
who are employed, unemployed or seeking work as a section of the baseline population (Al-Asmari, 2008).

Before oil was discovered in Saudi Arabia, the concept of the labour force was restricted in its application and did not show a distinct class divide as it did in Western nations. Most individuals were employed (or self-employed) in traditional occupations. The country’s physical environment largely influenced the social and economic patterns of unsettled nomadic living that were prevalent in vast swathes of the population. For instance, the country's non-traditional economic prospects were limited to military service, land distribution and a few small contracts and commissions. However, Saudi started a significant economic transformation in 1938 as the first oil reserves were discovered and this transformed the Kingdom’s oil industry into the backbone of the economic system.

There are several unique features of the Saudi Arabian labour force. For example, the size of the expatriate labour force in Saudi Arabia sets the national workforce apart from those of other countries. As an approximation, there are nearly as many expatriates working in Saudi Arabia as natives. Secondly, in comparison to other countries around the world, Saudi Arabia has a very small female workforce. A further significant difference is the speed at which the domestic labour force is developing. In general, the phenomenon reflects the overall economic changes happening across the country (Al-Asmari, 2008). The Arabian-American Oil Company (ARAMCO) marked the establishment of a waged labour force in the country, with the latter paving the way for the development of a new working class. Saudi manpower constituted most of ARAMCO’S total workforce (Al-Asmari, 2008).

Oil prices were so high in the 1970s that government decision-makers were forced to recruit vast numbers of expatriate workers to help the nascent private sector develop national infrastructure. Additionally, the government simultaneously employed more and more citizens in governmental roles, for which they were remunerated with substantial salaries (Al-Humaid, 2005).

Since the Kingdom started producing and exporting oil in the 1930s, Saudi Arabia has encountered a major skills shortage. However, these shortages were most prevalent in the 1970s and affected pretty much all occupations. These skills shortages were primarily caused by the lack of government investment and poor development in the fields of education and training before the discovery of oil. Moreover, education curricula were not focused on labour demand.

Perhaps the most interesting development to mention here is the relatively mild attempts to organise the national labour force. Although unions are illegal and many strikes took place during the 1950s. However, the large-scale recruitment of foreign workers from Asia has
largely prevented labour unrest, although such workers are frequently held to work under terrible conditions (Hertog, 2006, p.256).

Sanctions were placed on the development of company labour committees in May 2001. Although companies with more than 100 employees are allowed to form committees, they are not obliged to do so. Moreover, only native Saudis are entitled to head a labour committee. At present, only a few companies (i.e., British Aerospace and several large public corporations) have established such committees.

Meanwhile, in February 2004, Ahmad Al-Mansour (the Deputy Minister of Labour) asserted that it had to be the workers who initiated the process of forming a committee and that firms would not be obliged to form one unless it was specifically requested by the workers. He also verified that strikes and demonstrations were still considered to be illegal. Committees should focus on ensuring the welfare of employees and optimal working conditions and should not be used as a collective bargaining tool. Moreover, committed have not been mentioned in recent labour law drafts. It was also revealed in February 2004 that a national labour committee would be established in the Kingdom to act on behalf of Saudi workers in the International Labour Organization and other important international bodies.

At present, the associations between this committee and the so-called "Saudi Labour Welfare Society" (established in December 2003) remain unclear. Any Saudi citizen over 18 years of age is eligible to join the latter, which aims to enhance the social and cultural environment for Saudi employees. The association undertakes research in order to establish the most effective and necessary labour regulations for the private sector (Hertog, 2006, p.257).

Meanwhile, although a CSCCI representative called for a national body for labourers to be established in May of the same year, the relationship between this body and other initiatives is still largely unclear. The representative also stated that company labour committees should be set up independently of management teams and criticised the slow progress being made with regard to the organisation of labour. Nonetheless, a further attempt to form a national body was made three years later but was abandoned (Hertog, 2006, p.257).

2.6.1 Saudization of the labour force as a public policy

Saudi Arabia requested that the issue of Saudization be given an exemption from “national treatment”, which meant that a number of requirements were imposed on foreign companies emerging in the several different Saudi service sectors, including finance, insurance and legal services. Under the Labour and Workers Regulations, it is a legal requirement that all companies (Saudi-owned and foreign-owned) have workforces consisting of 75% native Saudi
workers, at that such workers must receive at least 50% of the overall payroll. These regulations also give the Minister of Labour authority to lower this percentage in cases where there are few (or no) qualified Saudi workers to perform the role. This exception has been applied for a number of critical services. Moreover, it is mandated that some specific job categories be reserved for Saudis, such as recruitment officers, cashiers, civilian security guards, receptionists and transaction follow-up agents working for government departments. This rule is applicable to local and foreign companies. Moreover, it is important to note that foreign workers require a visa to work in Saudi Arabia. Nonetheless, these rules and regulations have no impact on the sponsorship system. Still, a release letter is still needed to transfer an expatriate worker to a new employer within the country (Ramady, 2010. P317).

The Saudi government has implemented a Saudization programme in which foreign workers are gradually replaced with Saudi staff. Through a programme of inducements and sanctions, the private sector is being pushed towards increasing the number of nationals working in their companies. This includes a significant increase in fees for work permits or Iqamas for foreign staff, which makes the hiring of expatriates more expensive. Similarly, the granting of foreign labour visas is becoming stricter. Nonetheless, it is important that the Saudization of the country does not adversely affect the national economy and production efficiency. The government is focusing heavily on improving education and training in order to equip Saudi nationals with the skills and education needed to work in the private sector (Ramady, 2010. P352). On the other hand, the 75% Saudi workforce and 51% total payroll rules still apply to all companies operating in the Kingdom (Wright et al, 1996). Nonetheless, there continues to be a steady increase in the number of foreign workers in the country, which peaked at 5.392 million in 2008. (Ramady, 2010, p.363).

The private sector has drafted in vast numbers of foreign workers because foreign labour is essential, even though the domestic labour force grew at an average rate of 5% per year between 1975 and 1985, and despite the fact that the annual population growth rate was among the highest in the world at 3.5%. Moreover, total employment increased from 1.7 million in 1975 to 2.2 million in 1980, according to a reliable Western source. In 1975, approximately 1 million domestic workers were in employment, which made up 58% of the total employment rate. The number of foreign workers increased from 723,000 in 1975 to over 1 million in 1980 (constituting 46% of total employment) (Metz, p133, 1993).

On the other hand, estimates provided by the Ministry of Planning (which included a breakdown of employment by sector) painted the situation in a slightly different light. These estimates showed that the total labour force was 2.9 million in the fiscal year of 1979, with 1.3 million working in the manufacturing sector and 1.6 million in the service sector (Metz, p133,
1993). In the early 1990s, the oil industry was relatively unimportant to the economy in terms of employment creation and thus the capital-intensive nature of the oil industry meant that few workers were required. In fact, the oil sector constituted less than 2% of the labour force at this time (Metz, p134, 1993).

Foreign enterprises who want to operate in an open labour market may find the Kingdom's strict Saudization programme to be too negative, especially given the extensive skills, experience, and qualifications required, as well as market supply and demand. Thus, these companies may refuse to comply with Saudization rules imposed by the Saudi government (Ramady, 2010, p.369).

Due to the internal population dynamic and the breakdown of the old Saudi labour model, the national labour market in Saudi Arabia has changed significantly. The policy gives citizens working in the labour market additional privileges. However, this has had several negative, long-term impacts. For example, younger citizens have grown up believing that they have the right to a standard of living that is much higher than that of non-nationals, regardless of the personal contribution that they make to the economy and the well-being of society in general. By guaranteeing public sector roles to Saudi citizens, the government has inadvertently made these individuals believe that they are universal benefactors of their citizens. There is strong public demand at present for this situation to change, and for employment to be based solely on skills, education and levels of productivity. The private sector has pushed for this for a long time, favouring this over the arbitrary policies implemented for the Saudization of economic sectors (Ramady, 2010, p.391).

The biggest sign that this had failed was the composition of the Saudi labour force and the division of labour between the public and private sectors. As the 1990s came to an end, over half of the national labour force was still working in the public sector and despite many of them carrying out beneficial and productive work, many were not doing so.

Approximately 90% of the workforce in the private sector was non-Saudi and the government was proud of the expansion that they had made in this sector during times when significant problems were plaguing the wider economy. However, in reality, this achievement was a result of migrant labour. However, the unemployment rate amongst Saudi nationals was increasing, although this rate would have been substantially higher if the figures include individuals who were not productively employed. This may have been the most significant failure of this period in that the system failed to accommodate the needs of society at the time by facilitating productive employment amongst the population (Niblock, 2008, p.19).

The significant disparity between international and Saudi labour is primarily due to the disparity in wage rates and conditions. Wages for Saudi workers are two-three times higher
than those of foreign workers in all but the highest professional occupations. This is based on comparisons between workers with the same skills, qualifications and experience. Furthermore, foreign labour is more adaptable (in relation to where and how it is used) and easier to eliminate if no longer required. In short, the international labour market in Saudi Arabia is generally comparative to labour markets in other countries throughout the region. However, the Saudi labour market is very different. This problem is further exacerbated in Saudi Arabia compared to the other Gulf states because population growth in the former has been rapid, with vast numbers of young people seeking employment. Nonetheless, there still seems to be a high unemployment rate, although the unemployment estimates are questionable since other statistics (supplemented with anecdotal evidence) appear to indicate an upward trend (Niblock, 2008, p.26).

As previously stated, Saudi labour will probably continue to be more expensive than labour in the countries with which Saudi goods would compete. The higher the exposure to global competition, the more difficult it will be for Saudi businesses to hire Saudi citizens. Saudi items will be priced out of most global markets if they are made using expensive Saudi labour rather than inexpensive migrant labour. Even within the country itself, many local companies will be unable to compete with externally-established companies.

The next round of economic reforms is focused on opening up the economy. This will not only boost the country's economic performance by making markets freer and more efficient, but it will also result in the creation of new jobs due to increased foreign direct investment flows. Meanwhile, economic liberalisation and full integration with the GCC countries are two critical requirements that the country must meet in order to join the WTO. Thus, the government has implemented a wide range of educational, political and social reforms, as well as various economic reforms. Given the high unemployment rate amongst young citizens, the Saudization programme focuses on this group of individuals. Furthermore, the government is making efforts to increase women’s participation in the labour market, since only 10.2% of Saudi women are currently employed. These demographic realities are pushing the government to create a minimum of 160,000 jobs per year (Looney, 2004, p.17).

As previously discussed, meeting the requirements to join the WTO will enable the Saudi government to maintain control over the domestic market. Although this will protect some aspects of domestic production, Saudi companies will still struggle to compete in global markets. Thus, the scope of globalisation is reduced, despite its positive impacts on the economy. In turn, this means that the possible gains that may result from globalization elsewhere will also be more limited (Niblock, 2008, p.30).
2.7 Government and politics

2.7.1 The royal family

Historically, the House of Saud’s political power has stemmed from their hold over the country’s natural resources. Since the 1930s, oil has been the foundation of Saudi authority, serving to unite the modern nation and generate the wealth used to finance the Saudi royal family’s political superiority (Jones, 2010).

As mentioned earlier, 'Abd al-'Aziz ibn Abd al-Rahman Al Saud rose to power in the Arabian Peninsula in the early years of the 20th century. He was a member of the Saud family who, for the majority of the 19th century, had controlled parts of Arabia. By the latter half of the 19th century, the Al Rashid family had exiled the Al Saud family to Kuwait, from where 'Abd al-'Aziz endeavoured to restore the political power that his family had once held. His first course of action was to recapture Najd, which was the traditional home of the Al Saud family in a primarily desert region located in the centre of the peninsula. In the mid-1920s, the armies of 'Abd al-'Aziz took the Islamic shrine cities Mecca and Medina, and in 1932 he proclaimed that the area he held would be called the Kingdom of Saudi Arabia (Wynbrandt, 2010; Metz, 1993).

The reigns of Saud (1953–1964) and Faisal (1964–1975)

Subsequent to Ibn Saud’s death, Saud and Faisal became engaged in an intense battle for power. In 1953, when 'Abd al-'Aziz died, Saud was declared King and Faisal Crown Prince (Al-Rasheed, 2010). A few years previously, in the time of Muhammad ibn Saud and Muhammad ibn Abd al-Wahhab, Saud was named Crown Prince for political reasons (Metz, 1993).

During his first year of his rule, Saud created the Ministries of Agriculture and Water, Education, and Communication, with several other ministries being established in the ten years that followed. A problematic area was control of the treasury, as Saud was financially irresponsible. He ran up huge entertainment expenses, gave lavish presents, had a court of 5,000 people, kept numerous slaves, and maintained a substantial harem (Wynbrandt, 2010). Saud inherited debts of approximately US$200 million following the death of his father in 1953. Even increasing oil revenues were insufficient to clear these debts (al-Rasheed, 2010). In spite of debt, Saud established annual salaries of $32,000 plus allowances for royal princes to cover miscellaneous expenses (ibid).

Throughout his life, Saud rarely dealt directly with the general population that lived under his rule, instead depending primarily on a team of Arab advisers, many of whom prioritised the accumulation of their own wealth and power. Conversely, in addition to long
hours spent looking after state business, Faisal embraced the populace and made himself available daily in traditional Majlis (public audience) after each of which he hosted an open meal (Metz, 1993). In 1964, Saud abdicated the throne, left Saudi Arabia, and went to Europe following pressure from the royal family and the ulama to relinquish power. Saud maintained his title, but Faisal was in power in the Kingdom (Wynbrandt, 2010).

Once Faisal acquired the throne, he began state-building endeavours to repair the damage done by Saud. Faisal established a comprehensive system of welfare under which citizens of the Kingdom were guaranteed free health insurance and education. Large nationwide projects to enhance the national infrastructure were also implemented by Faisal (Wynbrandt, 2010). In the first few weeks of his rule, Faisal declared his half-brother Khalid Crown Prince and Sultan Minister of Defence and Aviation (Al-Rasheed, 2010). Although Faisal remained a proponent of authentic Islam, he also attempted to implement modernisation strategies within the Islamic framework by importing technological expertise and enacting economic reform.

In October 1973, the night before the beginning of the Arab-Israeli war, Faisal repeatedly warned the US government that their support for Israel would threaten the relationship between the Kingdom and the USA (Vassiliev, 2000). Faisal had begun to be favoured by the majority of Arabs, although perhaps temporarily during and following the war, since he used oil as a weapon, instituting an embargo on oil exports to the USA and Holland (Abir, 1993). As Wynbrandt (2010, p.236) stated, “On March 15, 1975, at Faisal’s weekly Majlis, his nephew, a young prince who had recently returned from spending several years at school in the United States, shot and killed King Faisal”.


Crown Prince Khalid took the throne three days after Faisal died and promoted an orthodox and conservative society. However, he continued to oversee the growth of the economy and improved social programmes and the educational system (Wynbrandt, 2010). Crown Prince Fahd was responsible for establishing domestic and foreign policy. Furthermore, Prince Abdullah took charge of the National Guard and was declared second Deputy Prime Minister (Abir, 1993).

There were drastic contrasts between the leadership styles of Faisal and Khalid. Khalid was more liberal in terms of revealing the justifications for foreign policy decisions to the press (Metz, 1993), having prepared for his role as the ruler of a modern nation by observing Faisal on international assignments and representing the Kingdom at the United Nations (UN). Although Khalid was a relatively unobtrusive man, he had a significant impact on the royal family, gaining its support for Faisal’s replacement of Saud in 1964 (Metz, 1993).
The year 1979 was turbulent for Khalid’s rule. He ended the alliance with Egypt due to the Camp David Accords of March 26, 1979 which heralded a peace treaty between Egypt and Israel. The Kingdom was also seriously concerned about the 1979 Islamic Revolution in Iran in terms of the neighbouring nation’s actions and loyalties, especially concerning the Shia movement in Al-Hasa (Metz, 1973). Furthermore, the Grand Mosque in Mecca was invaded and seized on 20th November 1979 by Juhayman, the son of an Ikhwan warrior, which sent shockwaves through Saudi Arabia. However, two weeks later, the rebellion had ended, and Kaaba was once again under control. As a consequence of these events, Saudi leaders took stock of their regime and policies, and Khalid in particular was deeply affected by the complaints of the rebels. The majority of dissidents were from two tribes that had been part of the National Guard with whom he had spent a significant amount of time in the desert (Metz, 1993).

At this point, Khalid’s health began to decline rapidly. Therefore, Fahd, already the primary spokesman for the Saudi administration, assumed greater responsibility. Khalid died on 14th June 1982, and Fahd immediately took his place largely thanks to his experience. Abd Allah was also promoted from head of the National Guard to Crown Prince (Abir, 1993). During the initial years of Fahd’s rule, there was a sharp drop in oil prices. The lowest price was reached in 1986, when the price per barrel fell from US$32 to US$15, resulting in a decrease of over 30% in oil revenues (Al-Rasheed, 2010). The early stages of Fahd’s rule are frequently referred to as an age of austerity, due to the government’s cuts in spending on public services and benefits in response to falling oil prices. Before this period, citizens of the KSA had been provided with free universal education, medical care and social benefits (ibid).

**The reigns of Abdullah (2005–2015) and Salman (2015 to date)**

Abdullah had been slowly taking over power since King Fahd’s debilitating stroke in 1995, but he officially became king after the death of Fahd. King Abdullah focused a great deal of attention on consolidating his power within the nation and raising Saudi Arabia’s profile in the region, rather than at the wider international level. Abdullah was the first king to identify poverty in the Kingdom as a national priority by reaching out to women and the Shi’a minority. Furthermore, he increased engagement with and tolerance of other religions through a series of National Dialogues early in his tenure (Bronson, 2015). Indeed, King Abdullah’s efforts to improve relations between Islam and other faiths improved his personal international standing.

At the political level, King Abdullah’s policy pursued various aims. He fostered a close

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5 Kaaba is a building at the center of Islam's most important mosque, Great Mosque of Mecca
relationship with President Obama, who visited Riyadh in June 2009 on his first trip to the Middle East (Henderson, 2009). He also created a co-educational university and brought Saudi Arabia into the WTO to help tackle endemic local corruption. He successfully helped Saudi Arabia deal with the serious terrorist attacks that targeted the Kingdom in 2003 (Bronson, 2015). However, despite Abdullah’s reforms in Saudi Arabia, major events exerted a serious influence, such as Iran’s increasing advances throughout the region in Iraq, Syria and Yemen, and the ‘Arab Spring’ which began in 2011. Indeed, these phenomena represented significant threats to Riyadh (ibid). According to Al-Rasheed (2018), King Salman was able to deal with issues such as the oil crisis, the Arab uprisings, regional rivalries with Iran and other troublesome Arab and Gulf neighbours and he managed to build a working relationship with the USA under President Donald Trump. When King Salman became leader of the Kingdom in 2015 at the age of 79, he implemented unexpected adjustments, including reorganising the government and regularly reshuffling top administrators in the state bureaucracy (Al-Rasheed, 2018). Indeed, during his period as governor of the capital, Riyadh, Salman had built a reputation as a firm, pragmatic, and uncompromising ruler (Ibid). Along with his son, Crown Prince Mohammed bin Salman, King Salman began his rise to power by starting to build NOEM⁶, reducing government stipends and mandating that at least 70% of the employees of all businesses should be Saudis. In 2017, he addressed corruption and potential political challengers with the arrests of some wealthy Saudis. Finally, he encouraged tourism, including to the holy sites in the country, as part of an expanded economic base for the country. All this was accomplished while waging war with Yemen and internal terrorists backed by Russia and Iran (Cochran, 2019). King Salman was already in his eighties at the time of writing this thesis, and now if he abdicates he will be able to see his son settle into his new role as king.

2.8 Summary

To understand the forces that have shaped Saudi Arabia and its development, the roles of geographic factors, tribal allegiances and Bedouin life, Islam, the Al Saud family, and the discovery of oil must be considered. This chapter has discussed the historical background of Saudi Arabia. A summary has been presented of the historical context of Saudi Arabia, which includes the state of Saudi Arabia, the Al Saud family and Wahhabi Islam, and nation-building. The nature of Saudi society and the environment of the KSA in terms of geography, population,

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⁶ NOEM is a planned cross-border city in the Tabuk Province of north-western Saudi Arabia which plans to be a smart city technologies and also function as a tourist destination.
and religion has been explained, and the historical development of the economy in the Kingdom has been illustrated. The final section then focused on the government and politics of the royal family during the 20th century.

As stated in the discussion of this chapter, the modern history of Arabia is often broken into three periods, which follow the fortunes of the Al Saud. The first period begins with the alliance between Muhammad ibn Saud and Muhammad ibn Abd al-Wahhab and ends with the capture of Abd Allah. The second period extends from this point to the rise of the second 'Abd al-'Aziz ibn Saud, the founder of the modern state. Finally, the third period consists of the establishment and modern history of the Kingdom of Saudi Arabia.

The following chapter discusses the historical development of Aramco (the Arabian-American Oil Company), examining the concession agreements between Saudi Arabia and the company from its formation in 1933 until the end of 2016. Each concession is analysed principally in terms of how it shaped the relationship between Aramco and the Saudi government.
Chapter 3. Aramco History, Oil and Saudi Nationalisation (Historical Overview)

3.1 Introduction

As discussed in Chapter 2, an understanding of the history of Saudi Arabia helps explain the challenges that face the Aramco company when operating in the Kingdom. This chapter traces the historical development of the Arabian-American Oil Company (Aramco) during their operations in Saudi Arabia and examines the concession agreements in place between Saudi Arabia and Aramco since its formation in 1933. The analysis of each concession agreement principally focuses on how it shaped the relationship between Aramco and the Saudi government.

The literature review in Chapter Two has revealed that a major milestone in the development of the Kingdom was the discovery of oil, which helped to rapidly change and shape the modern state. Therefore, this chapter provides a narrative history of Saudi oil and the company, explaining the importance of oil to the country and examining the development of Aramco. Section 3.2 examines the literature concerning the establishment of Aramco, the importance of oil and the development of the Middle East region in general since the middle of the 20th century. Section 3.3 then summarises the literature on Aramco’s domination in Saudi Arabia, focusing on the Concession Agreement of 1933 and the Supplemental Agreement proposed by Aramco in 1939. Section 3.4 highlights the nationalisation of Aramco, using the analytical approach advocated by Langley (1999), starting by highlighting the important events relating to the nationalisation of Aramco from 1933 to 2020. A temporal bracketing strategy is employed to separate the data into three distinct periods: pre-nationalisation, from 1933 to 1950; transition, from 1950 to 1980; and post-nationalisation, from 1980 to 2020. This is followed by a summary of the chapter.

3.2 The origin of Aramco

The story of Saudi Aramco has been well constructed officially only when Aramco published its first official company history in 2011 (McMurray, 2011). However, different secondary sources from the historical literature and the memories of Saudi and American expatriate employees have illuminated the history of Aramco and Saudi Arabia (Vidal, 1955; Lebkicher,

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7 Aramco did subsequently publish a handbook for new employees about the company’s history and Middle Eastern context (Arabian American Oil Co, 1960).
1968; Nawwab et al., 1980; Hicke, 1995; Marcel, 2006; Hertog, 2011, 2013; McMurray, 2011; Yizraeli, 2012; Jungers, 2013; Al-Naimi, 2016). These accounts help to explain power of Aramco, where the company was considered to be most powerful and controlling in the early period (1933–1950). It was then transformed into the Saudi Aramco company, with oil being the source of its power. The history of oil in the Middle East reveals the profound effects that this precious natural resource and commodity has had on political and economic practices across the world (Jungers, 2013). Middle East oil production rose from 700,000 to 1,750,000 barrels per day between 1946 and 1950, an annual increase of almost 26%, while the corresponding increase in the rest of the world was less than 7% (Lebkicher, 1968). Furthermore, the American oil industry played a unique role in the early development of modern Saudi Arabia. Since its creation as an American concessionaire in 1933, Aramco contributed to the social development of the country and the building of a Saudi private sector through its contracting activities (Hertog, 2013). By 1962, Aramco had spent more than US$15m on goods purchased from Saudi suppliers and nearly US$12m on services from Saudi firms. Indeed, the oil super-giant the Saudi Arabian Oil Company, widely known as Aramco, is the world’s largest crude oil and gas producer and arguably the world’s most valuable company, and it had a significant role to play in the growth of the Kingdom’s economy.

3.2.1 The historical importance of oil

The importance of oil can be traced back to ancient times. Noah seems to have been one of the first men to realise the value of petroleum when he used it to caulk the seams of his primitive vessel (Nawwab et al., 1980). The ancient Sumerians, Assyrians and Babylonians all utilised asphalt to connect blades to handles and for treating the sick, and as part of the defences of buildings (Lebkicher, 1968). However, the ancients knew only one form of petroleum, which was asphalt, and there is no historical record of the use of other forms.

Arabs discovered petroleum, too, in the ninth century. The scientist Al-Razi wrote a handbook in which he described how to percolate Neft, and a group of 950 Arab scholars in Basra constructed a theory about the source of oil. The Arabic literature of the period refers to the ‘Eternal Fires’ which had somehow ignited and burned for many years, probably produced by natural gas flowing from the earth (Lebkicher, 1968).

After World War I, the revolution in Russian removed the country which in 1900 was considered to be the producer and exporter of more than half the world’s oil (Sampson, 1975). In 1920, Mexico became the world’s second-largest oil producer and exporter, but oil from Venezuela and Iraq soon replaced it (Lebkicher, 1968). With the development of large-scale oil
production capabilities, Iran, Iraq and Burma became key suppliers to Europe during the interwar period. The Dutch East Indies held a modest share of the world’s oil production (Sampson, 1975). Iraq became a substantial source of oil during the late 1930s, and major oil discoveries were made in the other Middle Eastern countries. Indeed, the 1920s and 1930s constitute what the oil historians call “the golden years for petroleum engineers” (Nawwab et al., 1980, p.183). The advancements in machinery and factory production created enormous demand for oil, which led to exploration for oil in many different areas while for petroleum engineering experts from different countries were also in great demand.

In the Middle East, oil came to the fore as an ally to war according to the negotiation of fields of influence in a region previously controlled by the Ottoman Empire, and many agreements affected the progress of the discovery of oil in Mesopotamia – an area mainly in Iraq but also parts of Iran, Turkey and Syria. As new sources of oil came into production, the three leading enterprises involved were the Anglo-Petroleum Oil Company (APOC), Royal Dutch Shell and the Deutsche Bank. These entities tried to support the market by engaging in mergers with other firms to promote new oil finds in the Middle East (Sampson, 1975). They drew a line around what was the former Ottoman Empire on a map to produce a zone that excluded Kuwait and Persia but did include the entire Arabian Peninsula, and signed a concession with Ottoman officials (McMurray, 2011)\(^8\). However, although American oil companies desired to join the cartel, members of the IPC (Iraq Petroleum Company) cartel denied these requests because the United States had joined the war against Germany and its allies. However, the US was still neutral when France and Britain divided the territory into mandates in 1916. Consequently, American interests single-mindedly pursued stakes in Middle Eastern oil, in an effort known as the Open Door Policy (Marcel, 2006).

In 1922, an attempt was made to participate in the Middle Eastern oil concession by forming the Near East Development Corporation (NEDC), which combined six United States oil companies – Jersey, the Atlantic Refining Company, the Gulf Oil Corporation, Standard Oil of New York (SOCONY), the Transport Company, and Pan American Petroleum – and eventually the Turkish Petroleum Company (TPC), which was renamed the Iraq Petroleum Company (IPC) the following year. The US companies then achieved agreement concerning American participation in the TPC cartel in 1928 (McMurray, 2011). Despite the controversy

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\(^8\) The Red Line Agreement began in 1914 when a concession from the Ottoman officials – which operated shares in the Iraq Petroleum Company (IPC) – was established. The Anglo-Petroleum Oil Company (APOC), Royal Dutch Shell and the Deutsche Bank divided the IPC shares as follows: 50% to the APOC, 25% to Royal Dutch Shell and 25% to the Deutsche Bank with 5% for C. S. Gulbenkian.
surrounding this agreement, which is generally regarded as the first corporate attempt to control oil supplies, and further confusion and conflict emerged over its details. It is still uncertain how the line on the map was drafted and also whether or not the many signatories – specifically, the United States oil companies – agreed to the idea of self-denial as explained below (Wilkins, 1975; Stivers, 1983). In 1928, an agreement was struck according to which the shareholding in the TPC was adjusted to include the following: Royal Dutch Shell, the Compagnie Française des Pétroles (CFP), Anglo-Petroleum and a group of five American companies working together as the NEDC (Wilkins, 1975; Nawwab et al., 1980; Stivers, 1983; McMurray, 2011).

Under this agreement, the corporations involved signed what was called the ‘Red Line Agreement’, whereby each guaranteed not to ask for individual privileges in a broad area of the former Ottoman Empire without the approval of the other firms (Stivers, 1983). Thus, the situation in the Middle East produced an important solution in the rapidly developing global oil industry.

As far as Saudi Arabia is concerned, King Abdulaziz bin Abdel Rahman al-Faisal Al-Saud, known in the West as Ibn Saud, faced a critical choice at the onset of the 1930s. Firstly, interest in the Gulf region was rapidly growing, sparked by the discoveries of oil in Persia and later Iraq and drilling in nearby Bahrain, and so Ibn Saud pondered how best to develop his domain’s potential natural resources (McMurray, 2011). Secondly, the financial situation of the new Kingdom in 1932, which extended north to south from Iraq to Yemen and east to west from the Red Sea to the Persian Gulf, had worsened. The largest source of income for the country was in decline because many Muslims could not afford to perform the pilgrimage (or Hajj) to the holy places in Makkah in western Arabia. For example, in late 1927, 132,000 pilgrims journeyed from around the world to Makkah; this number had dropped to 85,000 by 1930 before bottoming out at just under 20,000 in 1933 (Lunde, 1984). At the same time, the expenditure required for the completion of the national plans was increasing. For example, radio-telegraphy stations were established across the country and the water supply was improved in Jeddah. Resources were also required to fund government sector wages, cover military expenses, and pay faithful tribal elders (Bronson, 2006).

In summary, the Middle East without oil would be a very different place. In addition to facilitating improvements in many parts of the region, oil has served to shape the policies and alliances of all the countries in the area – not just with each other but also with their global counterparts. These external powers, in their turn, have obtained massive benefits from their oil objectives in the Middle East, and this has also influenced their relationships with each other (Odell, 1968).
3.3 Aramco’s domination in Saudi Arabia

The creation of Aramco is one of the most remarkable historical phenomena of the twentieth century. Ever since the Standard Oil Company of California (SOCAL) began posting its geologists and engineers to explore for oil in the Saudi desert in 1932, life in the Kingdom was never to be the same. Although the United States’ relationship with Saudi Arabia has traditionally been characterised as a fundamental deal involving “oil for protection” (Bronson, 2006), there has been debate in studies of the history of Aramco concerning its powerful impact in Saudi Arabia, and especially the relationships among the company and the US and Saudi governments. This section draws upon the secondary literature to examine the debates on the concession agreements, and also reflects on the views of other scientists about Aramco’s presence in Saudi Arabia and the agreements that the firm made with the Saudi government.

3.3.1 Concession Agreement 1933

In May 1923 while acting on behalf of the English company Eastern and General Syndicate, Major Frank Holmes – a former British Army officer, known as ‘Abu Naft’, the “Father of Oil” – won an option to the first exclusive concession to search for oil and other minerals in Arabia’s Eastern Province (Al-Hasa). This area had no history of such discoveries and no prominent petroleum prospects (Stegner, 1969). The concession, meant to last for seventy years, was purchased for an annual rental of £2,000, payable in advance (Al-Nafjan, 1989). Having paid two years’ rent, the Al-Hasa concession did not bear fruit (Vassiliou, 2009), and the company failed to pay the rent due for the following three years (Al-Nafjan, 1989). Consequently, Ibn Saud terminated the concession in 1928. Meanwhile SOCAL (now Chevron) was one of the largest producers of oil in the United States, controlling more than 90% of the United States oil refining in 1900 (Vassiliou, 2009). Thanks to the diminishment of the United States’ crude oil equipment due to the Allies military demands during World War I, it was not until after 1928 that SOCAL began exploration for oil and gas reserves beyond the Atlantic Ocean, with a focus on the Middle East. Encouraged by its momentous success in discovering oil on the island of Bahrain in the Gulf area in 1932, SOCAL thought that the Saudi oil, if discovered, would turn out to be worth trillions of dollars. The company therefore sought to get in touch with Ibn Saud. In early November that year, SOCAL began a long series of negotiations with Ibn Saud’s Finance Minister Abdallah Sulaiman Al-Hamdan, the most important man outside the royal family who had developed an accounting system for public finances (Yergin, 2008). The lengthy and intense discussions were based on SOCAL’s desire and readiness to drill for, develop, produce, and export oil, free of all Saudi taxes and duties, over an area of about
360,000 square miles in Eastern Saudi Arabia. By 1933, the depth of the worldwide Great Depression meant that the one-year-old Kingdom was short of funds. In negotiations for a concession with SOCAL, Abdullah Sulaiman wanted substantial cash payments up front to meet the Kingdom’s pressing financial needs for national development (McMurray, 2011). He cleverly played SOCAL off against its rival, the British-controlled IPC, to obtain the best financial terms (Al-Naimi, 2016). Eventually, a formal SOCAL offer topped the one Ibn Saud had received from the IPC, and SOCAL’s American lawyer Sir Lloyd N. Hamilton submitted an exclusive oil concession agreement which was at the time the largest in the Middle East. It was signed in Jeddah on May 29, 1933. SOCAL then created a historic partnership in 1936 with the Texas Company (later Texaco), which purchased a 50% stake in SOCAL’S subsidiary the California Arabian Standard Oil Company CASOC. The successful joint venture became known as the California Texas Oil Company, or Caltex Petroleum Corporation, and it developed extensive marketing facilities in the Middle East for Saudi crude oil (Metz, 1993).

After hearing the agreement’s 37 separate articles read out loud at a meeting of his privy council in Makkah, King ‘Abd al-‘Aziz directed Al-Sulaiman to: “Put your trust in God, and sign” (McMurray, 2011, p.56). The concession agreement9 was initially signed by Finance Minister ‘Abdullah Sulaiman and Hamilton in Jeddah on May 29, 1933. In the following months, the document acquired several other signatures, including that of the Foreign Minister and future King Faysal acting on behalf of his father. Faysal’s signature was authenticated by the Dutch Vice Consul in Jeddah and later by the American Ambassador to the Netherlands in The Hague (McMurray, 2011). The sprawling concession area covered 829,000 square kilometres,10 leading from the frontier of Iraq in the north, extending as far west as the Dahna coast and south to the Rub‘ al-Khali desert (Ibid, 2011). The tightly crafted and simply worded document required SOCAL to start prospecting for oil within three months and to start drilling within three years, and the agreement would function as the basis for governing relationships between American oil interests and the Saudi government for decades to come (Nawwab et al., 1980). Most of the concession agreement was published on July 14 in Umm al-Oura, the Saudi Arabian Government newspaper (the full agreements between the Saudi Arabian government and the Arabian-American Oil Company are provided in Appendix A).

Article 1 (Government press, 1964, p.5) of the agreement provided that:

“The Government hereby grants to the Company on the terms and conditions

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9 The agreements between the Saudi Arabian government and the Arabian American Oil Company were published by the Saudi Government Press, Mecca, in 1964. This document is located in the Bill Bryson Library at Durham University.

10 According to Article 2 in the Concession Agreement of 1933, the area covered represents all of eastern Saudi Arabia, almost all of it in al-Hasa – an area that would in 1956 be formally named the "Eastern Province".
hereinafter mentioned, and with respect to the area defined below, the exclusive right, for a period of sixty years from the effective date hereof, to explore, prospect, drill for, extract, treat, manufacture, transport, deal with, carry away and export petroleum, asphalt, naphtha, natural greases, ozokerite, and other hydrocarbons, and the derivatives of all such products. It is understood, however, that such right does not include the exclusive right to sell crude or refined products within the area described below or within Saudi Arabia”.

The text of the article shows that the management of Aramco’s operations in Saudi Arabia was under the direction of American citizens. In addition to the terms outlined in the summary set forth above, the payment schedule specified the following: (1) an advance of £30,000 in gold (equivalent to about £1.9m today); (2) an annual rental, payable in advance, of £5,000 in gold (ca. £314,000 today), due upon each anniversary of the effective date and payable within thirty days after the anniversary, until the commercial discovery of oil; (3) a second payment eighteen months from the effective date, of £20,000 (ca. £1.3m today); (4) £100,000 (ca. £6.3m today) in gold upon the finding of oil in economic quantities; and (5) a royalty of four shillings in gold, or its equivalent, per ton of net crude oil produced (Al-Nafjan, 1989). Furthermore, the 1933 Agreement also set out the following (Article 21, Government press, 1964, p.12):

“In return for the obligations assumed by the Company under this contract, and for the payments required from the Company hereunder, the Company and enterprise shall be exempt from all direct and indirect taxes, impost, charges, fees and duties (including, of course, import and export duties), it being understood that this privilege shall not extend to the sale of products within the country, nor shall it extend to the personal requirements of the individual employees of the Company. Any materials imported free of duty may not be sold within the country without first paying the corresponding import duty”.

However, the concession stipulated that multinational oil companies use these exemptions as political tools by structuring tax and royalty methods so as to provide foreign assistance to Arab nations, whilst in reality, these tools were secretly assisting Israel in the continuing Arab-Israeli dispute (Unerman, 2003). What is clear is that this agreement negated (de facto) the right of the Saudi Government to tax the company, and it emphasised the American character of the firm.

The following example illustrates some of the implications of this agreement. The Saudi government was denied the right to tax the company, even though Aramco was operating in Saudi territory and making a profit from the Kingdom’s resources. After five years researching
and drilling, the discovery of oil in commercial quantities in Dammam No. 7 was a turning point. A telegram dated March 4, 1938, arrived in San Francisco announcing that Dammam No. 7 was producing at a rate of 1,585 barrels per day at a depth of nearly 1.5 kilometres, in what would become known as the Arab Zone of porous limestone (McMurray, 2011).

To sum up, through the 1933 Concession Agreement, the Saudi Government's interest centred on the urgent demand for funds to face the increasing fiscal obligations of economic and social improvement. Also, the administrative and political system of the Kingdom was not sufficiently well constructed to enable it to engage efficiently in negotiations with Aramco.

3.3.2 The Supplementary Agreement 1939

The discovery of oil on May 29, 1938, boosted the morale of both the Saudis and Aramco, leading to a new agreement in the context of strong competition between Japan, the European powers and SOCAL to obtain this concession. Meanwhile, the British attempted to renegotiate the 1936 agreement to include more territory via Petroleum Concession Agreements. They desired a new agreement to incorporate exploration rights in areas covered under the 1933 agreement (Lunde, 1984). The Saudi Government rejected the offer of Petroleum Concessions but King ‘Abd al-'Aziz’s advisers informed William Lenahan, who is the company’s liaison with the Saudi Government, of the bid several weeks later, thereby alerting him to the fact that it might be a good time for CASOC to consider making an offer for these unexplored areas (McMurray, 2011). Meanwhile Japan presented the most serious challenge to American and British interests in the region. Press reports indicated that Tokyo was willing to pay roughly twice the up-front amount offered by the British for only about one-third of the territory that interested the British and Americans (ibid). The Supplementary Agreement was signed by Lenahan and Finance Minister Al-Sulaiman on May 31, 1939 (Al-Nafjan, 198). CASOC presented an offer that significantly improved on the British offer of an up-front bonus of £100,000 and an annual rental fee of £15,000 by providing the government with an up-front bonus of £140,000 and an annual rental of £20,000, beginning after the first year (McMurray, 2011). Moreover, CASOC agreed to pay King ‘Abd al-'Aziz an additional £100,000 if and when oil in commercial quantities was discovered in the new concession areas. In the newly added areas, CASOC’s concession totalled about 1.1 million square kilometres, or approximately the size of the present-day United Kingdom, France and Germany combined (Akhdar, 1974). The total concession area under this agreement embraced 495,827 square miles and a preferential area of 177,037 square miles, giving a total of 672,864 square miles or almost 78% of all of Saudi Arabia (McMurray, 2011). The new area represented an increase from the 1933 agreement of 135,827 square miles, along with a preferential area of 177,037 square miles.
Also, this new concession increased the lifespan of the agreement by another six years, prolonging it to 66 years and ending in 1999 (Akhdar, 1974). However, this was contrary to the agreement of 1933, which required the relinquishing of portions of the unexplored area from time to time, according to the 1933 Article 9 (Government press, 1964, p.7):

“Within ninety days after the commencement of drilling, the Company shall relinquish to the Government such portions of the exclusive area as the Company at that time may decide not to explore further, or to use otherwise in connection with this enterprise. Similarly, from time to time during the life of this contract, the Company shall relinquish to the Government such further portions of the exclusive area as the Company may then decide not to explore or prospect further, or to use otherwise in connection with the enterprise. The portions so relinquished shall thereupon be released from the terms and conditions of this contract, excepting only that during the life of this contract the Company shall continue to enjoy the right to use the portions so relinquished for transportation and communication facilities, which however shall interfere as little as practicable with any other use to which the relinquished portions may be put”.

This new concession agreement, in fact, specifically provided that for the next ten years Aramco would be under no obligation to relinquish any part of its exclusive area (Nawwab et al., 1980). On the one hand, the government felt that it had the right to be informed of the amount of oil available in the country. On the other hand, Aramco could not, even if it so desired, explore the area at an acceptable rate (Akhdar, 1974). Negotiations continued until October 10, 1948, whereupon the Saudi government and Aramco reached an agreement according to which Aramco relinquished all its concession rights in the Neutral Zone between Kuwait and Saudi Arabia and all of its preferential area west of longitude 46˚E and undertook to relinquish an additional 33,000 square miles on six specified dates between 1949 and 1970 (Nawwab et al., 1980). Aramco then needed to identify potential partners in order “to gain investment capital and marketing outlets for the large reserves being discovered in Saudi Arabia” (Metz, 1993, p.136). Consequently, the Standard Oil Company of New Jersey and Socony-Vacuum Oil Company (both now part of ExxonMobil) joined SOCAL in 1948 and acquired 30% and 10% equity interests respectively in Aramco, while SOCAL and Texas Company each retained 30% (Kultgen, 2014). The companies issued a statement of intent expressing “an understanding that Aramco would be managed by its Board of Directors, the individual members of which would always be guided by the principle that Aramco would be run for its own benefit as a separate entity” (McMurray, 2011, p.129).
During the early World War II period, Saudi Arabia and the United States were still neutral, and the war came unexpectedly to CASOC when four loads of Italian bombs were dropped on Dhahran. Years later, Aramco learned that the raid was an attempt to knock out the Bahrain Petroleum Company (BAPCO) refinery in Bahrain, which was a British-protected state; the attack on Dhahran was a mistake (Nawwab et al., 1980). The growing strategic and economic importance of Saudi Arabia to the United States caused American officials to realise the necessity of promoting the presence of American officials there in 1944. CASOC and its two shareholders changed the name of the company to the Arabian-American Oil Company (Aramco) because the name CASOC implied there was only one shareholder and ignored Texaco’s 50% interest. Thus the acronym Aramco was born (Jungers, 2013). Likewise, in the early 1950s the company offices were transferred from New York to Dhahran.

Aramco entered Saudi Arabia at a desperate and troubled time in Saudi history. The government was in dire need of funds to finance its activities in the newly unified country which was fraught with poverty, high levels of illiteracy and a very primitive economy. Saudi Arabia also lacked the kind of expertise necessary to comprehend the art and subtlety of international negotiations. These conditions set the tone for the direction of the relationship with Aramco, leading inevitably to the exploitative concession agreements of 1933 and 1939 (Al-Samaan, 1994).

3.3.3 the role of Aramco in the Saudi economy (1938-2015)

Oil is of unique importance to the Kingdom of Saudi Arabia. It accounts for a significant percentage of its GDP and government revenues. The oil-rich Kingdom was (and still) tempting investment destination for multinational enterprises. Undoubtedly, the creation of Aramco was one of the most remarkable historical phenomenon of the twentieth century. The evidence illustrated that Aramco was a forerunner in promoting the Kingdom’s economic welfare. Since SOCAL started sending its engineers and geologists to discover oil in the Saudi desert, life in the Kingdom was never be the same as before 1932. ). The oil sector of the Saudi economy accounts for roughly 87% of budget revenues and 42% of Gross Domestic Product (GDP) (CIA, 2016), which was about $646 billion on January 1, 2015 (but notably declined from about $754 billion on January 1, 2014). Table 4 shown Saudi Arabia’s Annual GDP from 1968-2015.
Table 4. Saudi Arabia’s Annual GDP from 1968-2015.

<table>
<thead>
<tr>
<th>Date</th>
<th>Annual GDP ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/1968</td>
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</tr>
<tr>
<td>01/01/1969</td>
<td>4,485,777,644</td>
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<tr>
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<tr>
<td>01/01/1971</td>
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<tr>
<td>01/01/1972</td>
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<tr>
<td>01/01/1973</td>
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<tr>
<td>01/01/1974</td>
<td>45,412,957,746</td>
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<tr>
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<tr>
<td>01/01/1976</td>
<td>64,005,665,722</td>
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<tr>
<td>01/01/1980</td>
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<tr>
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<tr>
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<tr>
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<td>01/01/2003</td>
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<td>01/01/2013</td>
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<td>01/01/2014</td>
<td>753,831,466,667</td>
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<tr>
<td>01/01/2015</td>
<td>646,001,866,667</td>
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</table>
As development accelerated over the years, The year of 1938 witnessed a rapid expansion of the company’s workforce. During that year, more than 2,400 new recruits were hired, and the total number of employees reached 3,085 employees by the end of that year. By 1939, the first full year of commercial production, more jobs were available for Saudis. The payroll at the end of that year showed a total of 3,641 employees of which 3,178 were Saudis, 322 were Americans and 141 were other foreign expatriates, compared to 115 Saudis, and 26 foreign employees (including a dozen of Americans) when the first test well was drilled at Dhahran into the Dammam Dome in 1935. Then, of course, the outbreak of World War II, had an impact. 

Tea kettle, a 3,000-bpd refinery, opened in Ras Tanura terminal in 1941 had closed six months later due to shortages in supplies. Field mapping was also suspended in 1942 due to shortages of workforce and equipment.

Aramco had committed to train, develop, equip, empower Saudis to reach their potential. Between 1955 and 1957, Aramco established three industrial training centres in Dhahran, Ras Tanura and Abqaiq to help develop the employees’ skills. Each centre had 20 to 24 classrooms plus a science laboratory, a drafting room and a business machines classroom. In 1980, the company’s Professional Development Program (PDP) enrolled 400 employees in its first year, 203 of whom were newly graduated Saudis. The number of enrolments jumped to 910 in 1987, and by 2008, more than 11,000 employees had benefited from the program. The company also paid attention to improve its employees' welfare. In 1951, Aramco launched its Home Ownership Program, which offered interest-free loans that gave thousands of Saudi employees the opportunity to acquire their own homes, and developed new communities with roads and utilities. As Hertog (2013) observes, “Saudi Aramco remains the preferred employer of a large number of young and ambitious Saudi graduates; its managers and engineers are held in high esteem in the international petroleum business (p.2). By the end of 2015, the total number of employees was 65,266 of which 54,666 were Saudis and 10,600 were expatriates. Table 5 shown the company’s workforce history from 1935-2015.
Table 5. The company's workforce history from 1935-2015.

<table>
<thead>
<tr>
<th>Year</th>
<th>Saudi</th>
<th>Non-Saudi</th>
<th>Total</th>
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<td>115</td>
<td>26</td>
<td>141</td>
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</tr>
<tr>
<td>1938</td>
<td>2,745</td>
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<td>3,085</td>
</tr>
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<td>3,641</td>
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<tr>
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<tr>
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### 3.4 Nationalisation of Aramco

Aramco’s policy in Saudi Arabia over the entire span of its forty years’ existence worked both to prevent industrialisation and to retain control over natural resources, keeping them out of the hands of the Saudis. A trained class of Saudi nationals educated in the oil business was never encouraged, and Saudi Arabia remained a producer of raw material. However, the Saudi government had been investigating alternative policies that would give them more control over the activities of Aramco in their country by presenting the conception of ‘participation’ rather than nationalisation (Jungers, 2013). Regarding Aramco and Saudi Arabia, nationalisation in its purest form means transforming the ownership, decision making, and technical operations
of Aramco to Saudi Arabia, or total Saudization (Akhdar, 1974). Indeed, Aramco, in turn, was the tool with which the United States ensured what the policy producers liked to imagine was power over the world’s single largest untapped exporter of the essential resource of oil (Vitalis, 2007).

Within this context, why has Saudi Arabia favoured participation over nationalisation? There are various factors that appear to have led the Saudi government to choose this situation. Firstly, the government’s entire nationalisation plan was not in agreement with its economic policy. Secondly, Saudi Arabia needed funds and technical expertise, without which it was too weak to independently tackle the role of Aramco and all the aspects of progress in the petroleum sector. Thirdly, there was the worry that nationalisation could lead to a competitive race for production between nationalising countries. Fourthly, the Iranian nationalisation of the Anglo-Iranian Oil Company, which led to the defeat of the Musaddiq government, alarmed the government of Saudi Arabia and prevented it from nationalising Aramco (Abdelrehim, 2010). Fifthly, the Saudi government may have avoided using nationalisation actions against Aramco in order not to provoke the United States, with which it sustains a special relationship (Al-Samaan, 1994).

As mentioned earlier, while the Saudi government sought a way to achieve nationalisation, important events related to Aramco took place between 1941 and 1988 which were crucial for the company’s status before and after nationalisation, which had a significant long-term influence on the Middle East. These fundamental events are presented in Table 6. As illustrated in the table, important events happened before and after Aramco’s nationalisation. This chapter evaluates these events and reflect on their impact on the nationalisation process of Aramco. It does so by adopting a temporal bracketing strategy to separate the event data into three distinct time periods or phases: (1) the pre-nationalisation period from 1933 to 1950; (2) the transition period from 1950 to 1979; and (3) the post-nationalisation after 1980. According to Langley (1999, p.703), temporal decomposition permits “the constitution of comparative units of analysis for the exploration and replication of theoretical ideas”. The temporal bracketing of events and breaking them up into three phases help us to recognise when and how changes are triggered, while narrative strategies help to explain why (Pozzebon and Pinsoneault, 2005). These strategies were analysed in sequence to investigate their impact on Aramco’s emergence and growth. The first period focuses on Aramco as a power company, while the second period examines how the United States transferred this power to the Saudi government, which dominated the third period of the company’s history. Figure 2 illustrates these distinctions applied to the company’s events over time.
Table 6. Timeline of key events between 1933 and 1988

<table>
<thead>
<tr>
<th>Date</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>1933</td>
<td>Exclusive oil concession signed by SOCAL and the Saudi government.</td>
</tr>
<tr>
<td>1938</td>
<td>Commercial quantities of oil discovered at Dammam Well No. 7.</td>
</tr>
<tr>
<td>1941</td>
<td>The United States entered World War II. CASOC suspended most operations.</td>
</tr>
<tr>
<td>1944</td>
<td>CASOC changed its name to the Arabian-American Oil Company (Aramco) and resumed operations as the war wound down.</td>
</tr>
<tr>
<td>1946</td>
<td>Standard Oil of New Jersey and Socony-Vacuum Oil (both now part of ExxonMobil) joined as co-owners of Aramco.</td>
</tr>
<tr>
<td>1948-1949</td>
<td>First Arab-Israeli war.</td>
</tr>
<tr>
<td>1951</td>
<td>Saudi fifty-fifty (50:50) agreement following nationalisation in Venezuela (1943) and Iran (1950)</td>
</tr>
<tr>
<td>1956</td>
<td>Suez Canal crisis.</td>
</tr>
<tr>
<td>1960</td>
<td>The Organization of Petroleum Exporting Countries (OPEC) was formed. Saudi Arabia was a founding member.</td>
</tr>
<tr>
<td>1973</td>
<td>Negotiations with the Saudi government resulted in the acquisition of 25% of Aramco, establishing a possible pathway for further purchases over the years.</td>
</tr>
<tr>
<td>1973</td>
<td>Saudi Arabia leads – and Aramco implements – an oil embargo against the United States and other countries that supported Israel in the October War against Egypt and Syria. The price of crude oil quadrupled.</td>
</tr>
<tr>
<td>1980</td>
<td>The Saudi government acquired 100% participation interest in Aramco.</td>
</tr>
<tr>
<td>1988</td>
<td>The Saudi Arabian Oil Company (Saudi Aramco) was established.</td>
</tr>
</tbody>
</table>
3.4.1 Pre-nationalisation period from 1933-1950

Ibn Saud found himself in a difficult situation when he unified the state. While greatly constrained by financial pressures, he was looking for alternative sources of capital and the most obvious candidate was the British government. He requested a loan of £500,000 from the British, who replied that they would only consider such a loan if several conditions were met: the appointment of a British adviser to administer its state finances; consent given to a solution to the old Hijaz Railway; and the granting of flyover rights to British commercial airlines (McMurray, 2011). Ibn Saud could not agree to those proposals, and he sent his son, Prince Faisal, to Europe to search for alternative loans, holding negotiations in France, Poland, Russia and Italy but without positive results. While his efforts to secure the required capital ended in temporary failure, the increasing exploration for oil in the Middle East was a saviour. The King realised that oil was a possible source of revenue and a buttress for his regime. Ibn Saud had two reasons for choosing to award an option for the first and second exclusive concessions in 1933 and 1939 to search for oil to the American company rather than any other company. He was reassured by the absence of colonialism in American foreign relations and therefore was less fearful of the attempted political domination which was prevalent with the British, and he was impressed with the Constitution of the United States. Furthermore, Ibn Saud received a
very advantageous offer from Japan in 1937 (Nawwab et al., 1980). However, he believed it to be motivated by political considerations, given that before the First World War American interests in foreign oil were concentrated in South America and towards the end of the war American policymakers began to worry about oil shortages in the United States.

Control and dominance were prominent in the structure of the agreements, lacked certain fundamental conditions that should have settled the relationship between the Saudi government and Aramco on an equitable and just basis, and particularly terms that would allow the Saudi government to cooperate in the decision making of management and in operations, as well as the setting of crude oil prices and rates of production (Al-Samaan, 1994). It is remarkable that Aramco was given total freedom to manage all of the stages of petroleum operations, from output to marketing (Vitalis, 2007). Hence, one might claim that, at the moment of negotiating and granting the concession to Aramco, the balance of power was heavily weighted in the company’s favour.

When the Second World War broke out, the scale of oil operations in Saudi Arabia had already seriously decreased. CASOC (which became Aramco in 1944) began to slow down its operations almost immediately. By the end of 1940, the number of Americans in the company community had been cut in half to 226, with most women and children being evacuated (Nawwab et al., 1980). Following an attack by Axis-inspired Iraqis on a British air base in Iraq, operations were scaled back again and, in May 1941 the last of the wives left their husbands in Saudi Arabia and sailed for the United States. There were now fewer than 100 Americans left.

As Chief Petroleum Engineer Philip McConnell, who later wrote the book The Hundred Men covering the period, said, “The time of the ‘hundred men’ had begun” (McMurray, 2011). Also as a result of the war, the numbers of Muslims pilgrims dropped to very low levels. In 1938 there were about 64,000 pilgrims, but this decreased to 58,000 in 1939, and by 1941 it had fallen to 10,000 (Al-Nafjan, 1989). Thus, the income of the Saudi Arabian government from the Hajj was severely reduced. CASOC resorted to requesting that the United States government come to its aid to pay the Al-Saud financial dues. Henceforth, the United States government would become directly involved in this strategic reserve, and it is clear that diplomatic representation was born there. The United States government had an agenda behind its decision to assist CASOC, involving the availability of oil as a fuel for the United States Navy in the area, promising greater protection to American companies than they had ever had in that area of the world. Also it would be an advantage if the United States entered into conflict with the British over oil, and moreover it would ensure a continuous supply of cheap foreign oil to the United States, promoting greater growth of the domestic economy (Akhdar, 1975).

CASOC changed its name on January 31, 1944, to the Arabian-American Oil Company
(Aramco) to confirm the company’s new identity, presenting a more appropriate title that reflected the Kingdom’s new position among oil-producing countries. SOCAL found itself regularly sending funds totalling many millions of dollars to Saudi Arabia (Yergin, 2008). By 1940, CASOC had invested US$28.9m in the concession; by 1946, the company’s investment totalled US$80m, and by 1950, the company had paid US$150m, and tens of millions more would still be required (Brown, 1999; Yergin, 2008). Aramco, then wanted to find possible partners in order to earn investment funds and marketing channels for the vast profits being discovered in Saudi Arabia (Metz, 1993). As a result, the Standard Oil Company of New Jersey and the Socony-Vacuum Oil Company (both now owned by ExxonMobil) joined SOCAL in 1948 and obtained 30 percent and 10 percent ownership stakes in Aramco, respectively (Kultgen, 2014). A tense relationship between the Saudi and United States governments then developed when the United Nations (UN) voted to divide Palestine in 1947, whereupon it was placed under a British mandate over the Arabs and Jews. The United States government supported this action, which made the Saudis more embittered than ever before towards the USA (McMurray, 2011). On the one hand, the United States had provided significant political, military and economic support to Israel. On the other hand, Saudi Arabia, in opposition to Israel, was strongly aligned with other Arab nations in its support for a just settlement on behalf of the dispossessed Palestinians. Meanwhile, such events led to the increased need for oil after the Second World War and the appearance of ‘newcomers’ in the worldwide oil industry. For instance, the government of Venezuela established a Petroleum Law in 1943 that required a 50% revenue tax on international oil companies operating in its region (Al-Samaan, 1994).

To sum up, the preceding events produced changes in trade power between the Kingdom of Saudi Arabia and Aramco in favour of the state. Indeed, Aramco considered the creation of Israel and the growth of nationalisation across the region a threat, both to the company and the oil that Western firms and economies needed.

3.4.2 Transition period from 1950-1979

The former Minister of Petroleum and Mineral Affairs in Saudi Arabia, Sheikh Abdullah Tariki, began his tenure by requesting that the parent companies of Aramco should reconcile to turn it into an ‘entirely integrated’ company that could produce, refine, transport and market petroleum products (Duguid, 1970). Tariki described the existing concessions as follows (Duguid, 1970, p.203):

“We're like merchants. We lose control of the oil once we get paid our fifty per cent production tax. The oil industry is not controlled by Saudi Arabia, but by foreigners. They don't take Arab oil to the ultimate markets as Arabian
companies; they transfer it to a foreign marketing company that we have no control over”.

Throughout this primary period of assistance to Saudi Arabia, Tariki's petroleum policy depended on three central elements: the demand that Aramco became a unified company managing petroleum from the well to shipping; a request for further Saudi control across and assistance in Aramco; and the right to provide new agreements for oil exploration on more beneficial terms for the Saudi government. During this period, the conflict between Arabs and Israelis added a complex situation to Aramco’s processes in the Kingdom at the end of the 1960s and during the 1970s. Meanwhile, the issue of King Faisal’s control and the United States government’s official Israel plans became bigger problems, and supporters of Arab nationalism frequently targeted Aramco as a symbol of the USA’s power (Jaffe and Elass, 2007). As mentioned earlier, the Arab-Israeli conflict and the Venezuela agreement in 1943 encouraged the government of Saudi Arabia to request that Aramco increase its income from oil and to complain against the revenue tax that the United States had imposed on the company. The Saudi government claimed that Aramco, indeed, paid taxes to the United States for the investment in Saudi oil, which should be paid to Saudi Arabia. For example, the United States acquired US$44 million in revenue tax from Aramco in 1948 whilst Saudi Arabia received only US$39 million from the United States (Al-Samaan, 1994). When the Saudi Arabia government first asked Aramco to renegotiate their concession contracts to permit the Saudis to engage in the administration and the decision-making processes in the company, Aramco refused this request. Following this, the negotiating power of Aramco was reduced due to the moves towards nationalisation throughout the world. On 30 December, 1950, the Saudi government and Aramco agreed to withdraw the clause in the 1933 Concession Agreement that freed Aramco from any revenue tax and promptly subjected it to a 50% income tax (Lebkicher, 1968). This was recognised as the Profit Sharing Agreement (Jungers, 2013). Echoing this viewpoint, Aramco shareholder Jersey generated a position paper on the subject of the 50:50 ratio, reviewing issues between oil companies and host countries going back to the Mexican nationalisation of its oil industry in 1938 (McMurray, 2011, p.200):

“We now know that the safety of our position in any country depends not alone on compliance with laws and contracts, or on the rate or amount of our payments to the government, but on whether our whole relationship is accepted at any given moment by the government and public opinion of the country and by our own government and public opinion as ‘fair.’ If it is not so accepted, it will be
changed. ... Experience already shows that there is something inherently satisfying in the 50/50 concept”.

Although the agreement between Aramco and Ibn Saud gave the government half the profits from crude-oil production, it also limited the government’s right to impose higher taxes, thus putting it in a less favourable position than that of the Venezuelan government. Moreover, the government’s half included fixed royalty payments per barrel of oil.

A few years later the Suez Crisis of 1956 occurred, with its roots in the rise of nationalism in Egypt (see, for example, Petersen, 1992; Yergin, 2008). On July 26, 1956, Egypt’s nationalist President Nasser announced the nationalisation of the Universal Company of the Suez Maritime Canal, the joint British-French venture that had owned and operated the canal since its opening in 1858, in order to finance the Aswan Dam. The canal’s economic importance had grown in the post-World War II years when it became the primary route for the transportation of Western Europe’s crude oil. So, in turn, joint British, French and Israeli forces invaded Egypt on October 29, 1956. The Kingdom had strong ties with Egypt which were strengthened by a Mutual Defence Pact on October 27, 1955, and it responded by joining a Middle Eastern oil embargo and cutting off oil shipments to Britain and France. The troops eventually withdrew in late 1956 and early 1957. The oil crisis, which had ended by the spring of 1957, had only a minimal impact on Aramco’s oil production.

The first Arab Petroleum Congress was held in 1959 in Cairo, soon after BP declared price reductions, and it suggested that there should be no decreases in the posted rate without discussion with the governments of producing nations (Jungers, 2013). Tariki and other government representatives met in secret to produce a ‘gentlemen’s agreement’ in a response that is considered to be the first seed of the creation of OPEC (the Organization of Petroleum Exporting Countries) (Sampson, 1975). As a result of a second price reduction introduced by Exxon, the five countries who were responsible for 80% of the world’s exports of oil convened a meeting in Baghdad to establish OPEC (McMurray, 2011). Among other things, it called for the founding of national oil companies and an increase in the current 50/50 profit split to 60/40, so that oil-producing nations would receive 60% of the gains from their oil. However, the relationship between the Saudi Arabia government and Aramco was influenced more by the situation in the global oil market of the 1950s, which was influenced by several events. Firstly, there was the establishment of national oil companies in host countries. In the case of Saudi Arabia, the first national petroleum company, the General Petroleum and Mineral Organization (Petromin) was founded in 1962. Secondly, OPEC was established in 1960 as an organisation of five main petroleum exporting nations of Iran, Iraq, Kuwait, Saudi Arabia and Venezuela in
order to increase the bargaining power of its members (Sampson, 1975). In the 1960s, Saudi Arabia and the other OPEC member states elected to restructure their concession agreements with concessionaires to obtain national control over their sources of petroleum (Jungers, 2013). Iran, Iraq, Algeria and Libya secured this goal through nationalisation. By contrast, Saudi Arabia preferred to achieve its objective using friendly negotiation (Al-Samaan, 1994). But while OPEC was failing to control production, the oil companies known as the ‘seven sisters’ – Exxon (a.k.a. Esso), Shell, BP, Gulf, Texaco, Mobil and SOCAL (a.k.a. Chevron) tried to reconcile the demands of the producer countries and this in effect determined their future growth rates.

The struggle between the Arabs and Israelis added a complex dimension to Aramco’s operations in Saudi Arabia in the late 1960s and 1970s. During King Faisal’s reign, the US government’s official pro-Israel policies became an even greater obstacle, and advocates of Arab nationalism targeted Aramco as a symbol of United States power. The nationalisation of the oil companies succeeded in most OPEC member countries and an oil embargo was declared in 1973. This is viewed as the major reason for the restructuring of the relationship between Saudi Arabia and Aramco. Other important outcomes of the ban included the removal of the oil surplus from the market and the establishment of a single uniform oil price achieved by the OPEC countries. As a result of this dramatic shift in the bargaining power of the Kingdom with respect to Aramco, Saudi Arabia started discussions with the company over the issue of participation (Al-Samaan, 1994). Ahmed Zaki Yamani – a Saudi Arabian politician who was Minister of Oil and Mineral Resources from 1962 to 1986 and an OPEC official for 25 years – realised that the global oil market was weak and prices were low due to surplus supplies in the market, global inflation and the weaker United States dollar. He argued that a better tactic for Saudi Arabia might be to consider taking part-ownership of Aramco rather than pursuing nationalisation as some other countries were doing, introducing the “term ‘participation’ for this concept” (Jungers, 2013, p.102). The level of participation of the Saudi Arabian government in Aramco under the OPEC deal became 60% in 1974. The Kingdom believed that it was a sensible agreement given the contemporary conditions, as other OPEC members were pushing for full nationalisation (McMurray, 2011). Following a period of negotiation, the government of Saudi Arabia eventually declared an agreement to purchase the outstanding shares in Aramco and to take complete ownership of the company in February 1979. This procedure used to nationalise Aramco was not a surprise. Aramco officials and the four American shareholding companies had for several years considered the inevitability of such a move. The deal was approved in 1980 (McMurray, 2011).
The understanding that oil could be utilised by the Arabs as a powerful political weapon shifted Saudi Arabia’s position from the periphery to the centre of Arab politics. With the increasing anticipation of nearby Arab nations that the Kingdom would take on a more substantial role in Arab politics after the oil embargo, Saudi Arabia could not neglect important political issues in the Middle East. Indeed, for the Saudi government, Aramco and its oil concession provided a means to force the hand of the United States on matters of foreign policy, and the growing dependence of the United States upon foreign oil afforded Saudi Arabia powerful political and economic influence (Jaffe and Elass, 2007). In turn, these events created an atmosphere of panic in Western countries, which translated into a drop in the worldwide demand for oil, so that production by OPEC fell by 16% in 1975, and at a later stage, the elaboration of a Western strategy orchestrated by US Secretary of State Kissinger to reduce dependence on OPEC oil (Yizraeli, 2012).

3.4.3 Post-nationalisation after 1980

Eventually, Saudi Arabia and Aramco entered an agreement in 1980 according to which the Kingdom obtained 100% ownership of Aramco's assets. Under this agreement, Aramco would continue to produce and manage oil processes on behalf of the Saudi government under a service obligation. It has been claimed that the decision to grant Aramco the right to maintain operations in Saudi Arabia reflected the Saudi government's concern over continued access to the technology of developed countries and its wish to retain efficient management services in its industrial sector. Even after the transfer of the company to the Saudis, Aramco maintained its name and remained an American corporation, with headquarters in the State of Delaware, projecting a sense of stability in the company's continued operations which meant a commitment to a regular oil supply for the West at moderate prices.

The 1980s were a significant time in the transformation of Aramco, as the Saudi leadership assumed full ownership of the company in 1981. In the same year, data processing was inaugurated at the recently completed Exploration and Petroleum Engineering Centre (EXPEC). On May 16, 1983, King Fahd Bin Abdulaziz Al-Saud, accompanied by Crown Prince Abdullah and other Saudi dignitaries, celebrated the golden anniversary of the signing of the concession agreement with company officials and employees in EXPEC at Aramco’s central office in Dhahran. The creation of EXPEC, one of the world's biggest geoscience computing concerns, reflected a significant change in that it authorised Aramco to combine all of its high-tech exploration and petroleum engineering roles in Dhahran, whereas this work had previously been performed by the four former owner companies in the United States (McMurray, 2011).
Ali Al-Naimi became the company’s first Saudi president in 1984. He was appointed CEO in 1988 and was named the Kingdom’s Minister of Petroleum and Mineral Resources in 1995. On November 8, 1988, the Saudi Arabian Oil Company (Aramco) was established by a Royal Decree issued by King Fahd and to take over all of the responsibilities of Aramco. After that, Aramco was listed as the world’s top oil company and the most resource-rich national oil company for 27 consecutive years in the Petroleum Intelligence Weekly’s (PIW’s) 2015 ‘Ranking of The World’s Top Oil Companies’ (Energy Intelligence, 2015). In a move of profound consequence for the oil industry, King Fahd issued a Royal Decree on June 14, 1993 to merge the assets and operations of the Saudi Arabian Marketing and Refining Company (SAMAREC), which was accountable for the refining, worldwide product marketing and shipping of petroleum commodities throughout the Kingdom, with the operations of Aramco. In 2014, Aramco was granted ninety-nine patents by the United States Patent and Trademark Office (USPTO) – the most in a single year in its history – and one hundred and fifty-four new patent applications were filed. It is now generally seen as the most capable organisation in the Kingdom and ranked as the most efficient national oil company in all OPEC countries (Hertog, 2013).

In the mid-1980s, Saudi Arabia determined that it needed to develop strategic ventures and petroleum relationships with oil customers. This involved entering into joint petroleum ventures with high-level countries in order to improve Saudi oil and distribute petroleum goods. These projects constituted a reliable market for Saudi oil, irrespective of any changes in prices. They also generated further profits for Aramco as a consequence of refining and distribution operations. The original project was approved in 1988 with the United States company Texaco. It was supported by similar projects in South Korea, the Philippines and Greece. Aramco is attempting to enter into similar projects, particularly given the increasing demand for the nation’s oil from countries like China and India (Al Ankari, 2009).

The royal family of Saudi Arabia insisted that Aramco should hold domestic fuel prices well below international levels, notwithstanding prior efforts to increase prices because of the resulting financial burden. Gasoline assistance remains one of the last vestiges of the social agreement between the Saudi citizenship and the royal family, indicating the continuing support for the government in exchange for benefits accruing from oil revenues (Jaffe and Elass, 2007). Although historians define the 1980s as the era when Saudi Arabian society and politics became more conservative, as a response to the failure of political legitimacy of Al Saud, the increase in the conservative nature of society in Saudi Arabia during this transitional period encouraged the development of the Islamist movement known as the Sahwa (‘awakening’) in the 1990s, which further weakened the political legitimacy of the ruling family (Song, 2015).
In recent years, Saudi Arabia has made it abundantly clear that it wants to look to a future beyond oil, as the crash in crude oil prices that began in 2014 left the country with a substantial budget deficit. Quite clearly, there is a driving force for change in the Kingdom, along with a vision of a different economic and societal future created by Crown Prince Mohammed bin Salman. He has drawn up plans for the Saudi economy until the year 2030 which involves improving the education system, reducing the budget deficit, cutting subsidies, fostering new private businesses, and introducing selective value-added taxes. However, the proposed sale of part of the state oil company Saudi Aramco is considered to be central to the success of this economic transformation (Ramady, 2017). When the Prince was interviewed on Al Arabiya TV about an initial public offering (IPO), he bluntly stated that:

“the IPO is not very far from the 5% level and two main factors decide the percentage to be listed: first, whether there will be demand or not, and second, what is available in terms of investments in the pipeline in Saudi Arabia or outside. Aramco will be listed on the Saudi bourse in addition to one or more foreign stock exchanges. The Saudi Government would retain sole control over Aramco’s oil and gas reserves and would decide on a production level. Aramco will have the concession to monetize these reserves” (Al Arabiya News Channel, 2016).

After posting 1.5 per cent of company shares in an IPO on the Riyadh stock exchange in December 2019, Saudi Aramco's pricing gave the oil company a valuation of US$1.7 trillion. However, this deal also opens up one of the world’s most secretive companies, one that had bankrolled Saudi Arabia and its rulers for decades.

To sum up, during the development of Saudi Aramco, Saudi Arabia became an active oil resource-based economy and the country was overwhelmingly dependent on oil for its revenue. It has been ranked as the largest exporter of petroleum, worth US$133.3 billion per year representing 17% of global crude oil exports (Workman, 2016). The oil sector of the Saudi economy accounts for roughly 87% of budget revenues and 42% of GDP (CIA, 2016), amounting to revenues of US$646 billion in the year up to January 1, 2015, which was a notable decline from about US$754 billion on January 1, 2014.

3.5 Summary

Since the early twentieth century, Aramco has become an important player in the world economy and global politics. Because of the strategic importance of oil, all nations pay close
attention to world oil trade and oil-producing countries. The Middle Eastern oil producers attempted to maximise their economic and political bargaining power in order to benefit from their oil. Among the most interesting events in Saudi Arabia’s history are the 1933 concession agreement and the 1939 supplementary agreement, which led to the commercial discovery of oil in Saudi Arabia, where a combination of structural drilling and surface mapping identified the geological structures containing the bulk of the oil found to date in Saudi Arabia.

Many factors shaped the developments that led to the nationalisation of Aramco, and these occurred in three phases. Hegemony, in addition to a penchant for secrecy, dominated the first period from 1933 to 1950. As a result of its lack of experience and the financial situation of the Saudi government during the second period, various conflicts and pressure from the government to sign the 50-50 agreement and to join OPEC as well as the 1973-74 Arab oil embargo allowed OPEC to control world oil prices. Consequently, the nationalisation of Aramco became inevitable. The company then became known as Saudi Aramco and grew in virtually every dimension, exhibiting impressive growth while coming almost entirely under Saudi management. Accordingly, a former Secretary General of OPEC stated: “Although several decades have passed since the era of nationalisation, our national oil company continues to possess a rather unique political status in the eyes of their respective nations” (Marcel, 2006, p.2).

The main contribution of this chapter has been to examine how the identity of the Aramco company changed over time. In particular, the impact of various events in different on progress towards Aramco’s nationalisation has been determined. The nationalisation of Aramco has been considered in a historical context by separating key events into three distinct periods of pre-nationalisation from 1933-1950, a transitional period from 1950-1979, and post-nationalisation from 1980-2020 highlighting the changes that have occured in the company. The next chapter discusses Aramco’s policy with regard to its CSR activities. It is thus important to examine in detail the theoretical framework of CSR, and especially the impression management strategies adopted by Aramco.
Chapter 4. CSR and Impression Management: A Theoretical Framework

4.1 Introduction

The objective of this chapter is to explore the existing literature on corporate social responsibility disclosure and related issues, and to discuss the applicability and analytical power of three alternative views of the evolution of management activity and relevant issues in legitimacy theory, stakeholder theory and institutional theory. Then an alternative theoretical perspective is considered which applies impression management theory to analysis of the CSR disclosure practices of corporations taking into account CSR in its socio-historical context.

This chapter contributes to the understanding of corporate social responsibility and evaluates previous studies of CSR disclosure, highlighting critical similarities and differences in the understanding of CSR communication among researchers of management, corporate communication, social accounting and organization studies. Moreover, the research presents a holistic review that employs a broad theoretical framework combining legitimacy, stakeholder, and institutional theory. A variety of theoretical perspectives are available to support researchers and managers in understanding the management of social issues. For firms, legitimacy theory, institutional theory and stakeholder theory can be used to explain how and when corporations deal with issues such as the environment, health, diversity in the workplace, employment and reliability. Although each of these theories addresses corporate issues in management, they approach the study of the organisation and its environment from different theoretical orientations.

This chapter is structured as follows. Section 4.2 presents a conceptual framework of corporate social responsibility disclosure and introduces the various definitions of CSR. Section 4.3 discusses the historical development of CSR communication, which is the main focus of this chapter. It firstly gives a definition of CSR communication and then presents a theoretical framework for it before considering the audience for CSR communication, and its purpose and significance. Section 4.4 describes the relevant theoretical perspectives derived from the business management and ethics literature, highlighting legitimacy, stakeholder and institutional theory which are used to examine issues associated with management activity. Section 4.5 then presents the theoretical framework employed in this study, introducing impression management theory and explaining in detail the difference between assertive and defensive impression management. Finally, Section 4.6 summarises the chapter.
4.2 Conceptual framework of CSR

There has long been controversy about the question of corporate social responsibility (CSR) (Garriga and Melé, 2004). The concept of CSR developed in the early 1920s, focusing on the commitment of business organisations to society (Carroll, 1979; Arvidsson, 2010; Hung-Baesecke et al, 2016). During the 1920s Depression and World War II the debate went silent until the 1950s. The modern literature on CSR begin with Bowen (1953) who related CSR to how companies behave toward society. Subsequently, authors such as Friedman (1962), Carroll (1979) and Freeman (1984) developed various concepts regarding business responsibility, and there has since been a convert in conception from the social responsibility of business to CSR. The most frequently cited definition of CSR was proposed by Archie Carroll, which indicated that business has a significant role to play in society. Indeed, Carroll acknowledged CSR as “the social responsibility of business [which] encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time” (Carroll, 1979, pp.497-505). Economic responsibility implies the provision of products and services for society, which is considered to be the basic function of business. Legal responsibility means the rules, laws and regulations regarding business operations in serving society (Carroll,1991).

Although this conceptual framework for CSR was intended to assist in clarifying the diverse terminologies manifested in the literature, the theoretical framework of its economic, legal, and ethical scope is thought to be incomplete (Crane et al, 2014). Subsequently, Garriga and Melé (2004) classified the key concepts of CSR and mapped its conceptual framework of CSR onto instrumental, political, integrative and ethical theories. According to them, Instrumental theory perceives CSR as a tool that is designed to fulfil the aims of business through social action, and therefore resulting in the maximization of profits (Crane et al 2014). Meanwhile political theories emphasise the social power of firms in particular relationships between them and society, and also focus on social and political responsibility in relation to power (Garriga & Melé, 2004), and integrative theories of CSR examine “how business integrates social demands, arguing that business depends on society for its existence, continuity and growth” (Ibid, p.57). Finally, ethical theories of CSR build upon the relationship between business and society based on ethical needs (Melé, 2009). Since creating awareness among stakeholders of CSR and managing stakeholder behaviour in response to its CSR activities are important factors enabling a firm to reap CSR’s strategic benefits, it is important for managers to have an in-depth understanding of issues related to CSR communication (Du et al., 2010).
4.3 Theories of business management and the CSR literature

In the context of an increasingly complex world, theorisation is a process in which the formulation of a premise can be used to understand and explain a specific phenomenon that is undergoing evaluation through research. A wide range of different theories can collide when investigating a particular topic (Deegan, 2013). Therefore, theories perform a crucial function in offering a structure through which complex findings gleaned from research can be presented in a comprehensive. Unerman and Chapman (2014) contend that the establishment of a solid theoretical foundation serves to establish and continue to build a strong evidence base through which current practices can be appraised and reviewed.

Theory plays a critical role in answering research questions (Ahrens and Chapman, 2006; Alvesson and Sandberg, 2013). According to Ahrens and Chapman (2006, p.823), theory is defined as “an orienting set of explanatory concepts . . . [where] events in the field may best be explained concerning multiple theories”.

Theory presents an important tool in the alteration of data from a description of ‘what is’ to in-depth insights. It also helps to discover the implicit ‘what is’ and provides views on ‘what could be’ (Ibid). There are many perspectives on theory in the social sciences (Alvesson and Sandberg, 2013). Likewise, Silverman (2013, p.52) explained that the role of a theory is to:

“arrange sets of concepts to define and explain some phenomenon ... [W]ithout a theory, such phenomena as ‘gender’, personality’, ‘talk’ or ‘space’ cannot be understood by social science [and we could add accountancy and sustainability to this list]. In this sense, without a theory there is nothing to research ... theories provide the impetus for research”.

In this context, widespread interest among academic researchers and businesses in the issue of CSR communication has led to the use of many theoretical frameworks to understand the essential determinants of CSR activities. However, it remains difficult to achieve a universally accepted theory that explains CSR activities (Freeman, 1999; Hooghiemstra, 2000; Reverte, 2008; Frynas and Stephens, 2015; Omran and Dineshwar, 2015).

As a result, theoretical frameworks have tended to be developed independently from one another, leaving the field with no clear overall perspective and no unified theoretical structure. Nonetheless, some powerful approaches have been developed which are presented below. Over the years, different kinds of theories have been applied to illustrate why firms and organisations have or have not engaged in CSR activities and disclosure (Amran and Siti-
Theories of CSR behaviour and motivation can be divided into economic theories and social and political theories. Economic theories focus on the economic aspects of CSR practices or, in other words, the market outcome of CSR disclosure. Some examples of economic theories include agency theory, decision usefulness theory and positive accounting theory. These theories tend to mostly take financial stakeholders into consideration rather than focusing on other stakeholder groups. Social and political theories such as legitimacy theory, stakeholder theory, and institutional theory may also provide insights into CSR behaviour and motivation. Gray et al. (1995) claimed that social and political theories have more power than economic theories to provide insights into CSR practices.

Corporations may become involved in CSR for range of reasons. As a consequence of this, various theories of CSR have been proposed. However, legitimacy theory and stakeholder theory have been recognised as offering more insightful theoretical perspectives. These two theories have dominated the extant literature on the analysis of CSR (Gray et al., 1995). Moreover, in more recent studies, institutional theory has frequently been employed to examine CSR practices, and especially those investigating cross-national differences (Jackson and Apostolakou, 2010; Brammer et al., 2012). Despite the differences between legitimacy, stakeholder, and institutional theory, all three perspectives evolved from a similar philosophical starting point. Consequently, they are considered to complement each other in contributing insights into CSR practices.

Corporate social responsibility refers to the social nature of corporate responsibility. According to Rabra (2019, p. 70-71), some authors view CSR as representing the actions that a company undertakes to reduce the social inequality in a community and to encourage its well-being. Meanwhile, others take a broader view of CSR, arguing that companies are not limited to being socially responsible, but have ethical responsibilities, which extend to all people. These views are not contradictory; rather, community-orientated actions can be regarded as just one CSR facet that recognises the community as an exclusive stakeholder. Incorporating the concept into all of the actions undertaken by a company gives rise to a complex state, in which ethically committed companies simultaneously become witnesses and examples of its asserted CSR activity (Rabra, 2019, p. 70-71).

CSR has become increasingly important as industrialisation and mechanisation continues to advance. A nation’s industrial wealth is heavily influenced by the contentment and satisfaction of its work force. The purpose of labour welfare is characterised as maintaining the health of employees and fostering beneficial attitudes, thus it directly promotes the morale of the employees.

Tools and practices to measure and implement CSR have been devised by scholars of
business. The tools and knowledge have been applied to evaluate individual company’s CSR practices. Furthermore, the conditions around which a ‘business case’ for CSR may arise have been studied. However, this outlook is restricted in its ability to recognise the circumstances that increase or decrease the effectiveness of CSR. To mitigate this limitation demands an alternative approach of redirecting the focus away from the level of the firm to the wider political economy, away from financial performance to the welfare of the stakeholders’ welfare and away from management strategies to how stakeholders understand the content of CSR and its application (Jackson, 2018, p. 5-6).

Whilst, some CSR theories consider parts of labour and labour welfare, studies of social and political theories incorporate institutional theory, legitimacy theory and stakeholder theory. In order to conduct a systematic review of these three theories and to identify the relationship between them, the present study adopts the approach proposed by Morris (1987). Morris (1987) affirmed that, when two or more theories deal with the same subject, their relationship can best be determined by studying their underlying propositions. Four potential relationships may occur, namely equivalent, subset, consistent and competing relations. Subset theories occur when one theory implies the other. A consistent relationship is when one theory supports or complements the other. Competing relations occur when one theory is in conflict with the other. Furthermore, Morris (1987) suggested that it would be best to examine the most important case for each theory first, and then to compare this with the others. This will make it clear whether the theories involved are equivalent, consistent or competing.

4.3.1 Legitimacy theory

Legitimacy theory seems to be the single most frequently selected approach in accounting research. This is because it has been extensively employed by scholars to provide explanations of management motivation for the disclosure of CSR information (Guthrie and Parker, 1989; Adams et al., 1998; Campbell, 2000, 2007; Deegan, 2002; Deegan et al., 2002; Ahmad and Sulaiman, 2004; Cho and Patten, 2007; Bebbington et al., 2008). The term ‘legitimacy’ refers to a general perception that the acts of a company are right or legal. The theory derives from the view that there is an implied social contract between an organisation and the society in which it operates (Campbell, 2000), and the firm exists beneath that implied social contract (Dowling and Pfeiffer, 1975). In other words, to achieve acceptability, the firm’s activities must respond to what is accepted within its social environment.

Legitimacy theory depends on the idea that organisations have (social) contracts with society which they need to fulfil. This commitment lends legitimacy to organisations and their actions. If an organisation is effective in satisfying such contracts, this leads to harmony between the organisation and society (Guthrie and Parker, 1990; Brown and Deegan, 1998;
Moreover, several studies have presented evidence that companies voluntarily disclose CSR information in an endeavour to obtain support from society and the general public and to project an image of being environmentally and socially responsible (Patten, 1991, 1992; Deegan and Rankin, 1996, 1997; Brown and Deegan, 1998; O’Donovan, 1999; Deegan et al., 2002; Campbell, 2003; Bebbington et al., 2008). According to Patten (1992), environmental disclosures are largely a response to legitimacy-threatening situations such as the Alaskan oil spill of 1988.

According to this theory, striving towards CSR is a strategy used by organisations to deal with the pressures they face, including external social, political, and economic pressures. Thus, firms engage in CSR to authorise their actions and attain approval from society, which ensures continued survival and growth. Legitimacy theory focuses on an organisation’s social responsibility in relation to the norms, values, and attitudes of the wider society in which the company operates (Deegan, 2002; Branco and Rodrigues, 2008).

Communication is considered to be a substantial part of the legitimisation strategy. Communication can be defined as a method which corporations use to try to obtain legitimacy. There are four ways that firms can seek legitimisation. Firstly, they might inform the public of any changes the organisation has made in response to a legitimacy gap, or secondly they could change the public’s perceptions of the organisation without changing its actual behaviour. Thirdly, they could manipulate the perceptions of the public, or finally change their expectations regarding company performance (Lindblom, 1994). Voluntary strategic CSR disclosure may be used by organisations pursuing the second and third strategies. Moreover, legitimisation strategies are especially used as a response to threats that affect an organisation’s legitimacy. Thus, the survival of an organisation depends on legitimacy, which is considered to be a resource. Therefore, intensive CSR activities and related disclosures have occurred after threatening events (Dowling and Pfeffer, 1975; Lindblom, 1994; Suchman, 1995; Deegan, 2002; Branco and Rodrigues, 2008).

According to Lindblom (1994), organisations can select four broad validation approaches when seeking to endorse the activities they are engaging in within a specific environmental setting. The first includes the need to create awareness among key stakeholders regarding organisational performance outcomes. The second approach is to seek to alter the stakeholder attitude towards fundamental areas as opposed to actually modifying organisational activities. The two other strategies include aspiring to alter extrinsically-driven expectations regarding performance and deflecting attention away from areas of difficulty to focus instead on more positive aspects.
As mentioned above, the question of legitimacy is often linked within legitimacy theory to the idea of a ‘social contract’ (Patten, 1992; Deegan and Rankin, 1996; Adler et al., 2018). This social contract represents a collection of implicit and explicit expectations that society has about how an organisation should conduct its operations. A company may fear a ‘legitimacy gap’ when it does not comply with the terms of the social contract or the expectations of the society in which it operates (Deegan, 2019).

It is important to point out that a community judges the legitimacy of firms according to the company’s image. However, the perceptions and expectations of a company can change over time. This can lead to a change in the legitimacy of the corporation without there, in fact, being any change in its current activities. Due to the shifting factors affecting the corporate image and how it is perceived and societal expectations, these factors must be managed. Thus, corporate efforts to manage legitimacy are based on the existence of a widening legitimacy gap. Indeed, at any given time, it is possible for a gap to appear between company performance and societal expectations as a result of either business operations or changing expectations. A widening of this gap could lead to a loss of legitimacy, which could threaten a corporation’s survival. Therefore, companies continuously strive to narrow the legitimacy gap to maintain maximum control over their internal and external dealings (Sethi, 1979).

Sethi (1979) indicates that there are two important conditions that lead to a legitimacy gap. First, societal expectations can change, giving rise to a growing gap between them and a firm’s image. For example, Miles and Cameron (1982) stated that, as a result of the increasing awareness of the health consequences of smoking, a significant and widening legitimacy gap appeared for tobacco companies. However, the firms did not change their activities, and their image was much the same as it had always been, and so they were faced with a different evaluation of their role in society. They faced a significant and widening legitimacy gap. The second possible cause of a legitimacy gap occurs when new information about the activities of a company suddenly becomes known, particularly if this information conflicts with the corporation's image. This negative information about the company tends to be considered to represent a kind of ‘shadow’ over the firm, standing as a constant potential threat to its corporate legitimacy.

However, legitimacy theory suffers from conceptual problems. Parker (2005, p.846) argued that some of the issues with legitimacy theory include an “apparent conceptual overlap with political economy theory and institutional theory, lack of specificity, uncertain ability to anticipate and explain managerial behaviour, and a suspicion that it still privileges financial stakeholders in its analysis”. Moreover, Gray et al. (2010, p.29) stated that ambiguity in the area of CSR is considered to be a main restriction of the theory because it does not “really tell
us very much about why organisations might choose not to disclose at all or to necessarily tell us why disclosure might be so selective”. However, none of these limitations have prevented the continued application of legitimacy theory in CSR studies. In fact, in the CSR literature, legitimacy theory is the most utilised theoretical perspective (Tilling, 2004; de Villiers and van Staden, 2006; Thomson, 2007).

As stated by Tilling (2004), two streams can be found in the use of legitimacy theory: from a wider perspective or a narrow perspective:

1) The broad perspective of legitimacy theory is mostly identified as macro theory or institutional legitimacy theory concerned with the ways in which organisational structures can gain legitimacy from society at large, as in capitalism. This important perspective is mainly informed by Marxian thought (Tilling, 2004; Gray et al., 2010).

2) The narrower perspective of legitimacy theory focuses on the organisational level and it is interested in the legitimacy of single organisations (Gray et al., 2010). According to Tilling (2004, p.4), “it is from this level that most accounting research tends to draw its understanding of legitimacy”. From this kind of perspective, organisational legitimacy is considered to be an operational resource just like any other resources of a corporation that are used to achieve its goals (Suchman, 1995).

4.3.2 Stakeholder theory

The management literature of stakeholder theory was developed after Igor Ansoff and Robert Stewart at the Stanford Research Institute used the term for the first time in 1963. They defined stakeholders as “those groups without whose support the organisation would cease to exist” (Freeman, 1984, p.31). The stakeholder approach has been developed and elaborated on primarily by Freeman (1984, p.46), In his book Strategic Management: A Stakeholder Approach, he defines a stakeholder as “any group or individual who can affect or is affected by the achievement of the organisation’s objectives”.

Stakeholder theory has been extensively studied in the literature, and different schools of thought have emerged (Freeman, 1984; Clarkson, 1995; Donaldson and Preston, 1995; Wood and Jones, 1995; Mitchell et al., 1997; Sternberg, 1997; Altman, 2000; Rowley and Berman, 2000; Jensen, 2001; Freeman and Phillips, 2002). It has been argued that the stakeholder approach provides theoretical support for the effective evaluation of CSR performance and disclosures. It is also credited with forming the basis of understanding the relationship between a firm and its stakeholders (Clarkson, 1995; Wood and Jones, 1995; Mitchell et al., 1997; Rowley and Berman, 2000). Although the maximisation of shareholder wealth is the classic aim of every company, stakeholder theory contests this by arguing that executives should take
into consideration the interests of all of the stakeholders of a firm during decision making. Freeman (1984), however, argues that some corporations endeavour to check which groups are stakeholders in a company and which deserve the manager’s attention.

According to Clarkson's (1995) classification, stakeholder groups can be divided into primary and secondary groups based on their significance to a corporation. Primary stakeholders are the most important, and they are essential for a company to survive. These groups include shareholders, investors, employees, customers, suppliers, governments and communities that provide infrastructure for corporate activities. The management of the company and Board of Directors must endeavour to satisfy all of the members of these groups. It is important to point out that, if any of these groups struggle with company, the continuity of the company would be seriously affected. Secondary stakeholder groups include those who can affect or be affected by the firm’s activities, but do not have any direct economic dealings with the company, and their existence is not important for corporate survival. These groups include the media, the general public and academic researchers.

In a similar vein, it is worth noting that there is a relationship between stakeholder theory and that of competitive advantage. Harrison et al. (2007) indicate that companies that are tuned to the desires of their stakeholders gain competitive advantages that are not available to other firms. The reason for this is that these firms are able to have a fuller understanding of their essential stakeholders and their utility functions, which subsequently provides them with an enhanced ability to deal with them. Furthermore, competitive advantages are more sustainable as a result of the high-quality management of stakeholders (Harrison et al., 2010).

Moreover, as long as relationships with primary stakeholders remain intact, these relationships can give the company a strategic competitive advantage (Hillman and Keim, 2001). In fact, as several studies have argued, corporations that acknowledge and attempt to develop and maintain relationships with stakeholders have a greater chance of obtaining and sustaining a competitive advantage relative to their rivals (Hall, 1993; McWilliams and Siegel, 2001; Clulow et al., 2003; Jones and Bartlett, 2009; Deloitte, 2012).

Two major emphases of stakeholder theory have emerged in the literature, focusing on ethical/moral issues, and managerial/positive concerns (Deegan, 2009; Gray et al., 2010). According to Islam and Deegan (2008), the managerial branch of stakeholder theory and legitimacy theory overlap. In this regard, Gray et al. (1995, p.67) state that:

“The different theoretical perspectives (legitimacy theory and stakeholder theory) need not be seen as competitors for an explanation but as sources of interpretation of different factors at different levels of resolution. In this sense, legitimacy theory and stakeholder theory enrich, rather than compete for, our understandings of
Various studies have applied the managerial branch of stakeholder theory by interpreting why companies reveal social and environmental information. For example, a successful company is one that recognises the desires of various stakeholder groups (Ullmann, 1985). Thus, the disclosure of a particular type of information is utilised as a strategy to preserve the support of strong stakeholders. Stakeholder theory, however, has attracted fundamental criticism in the literature over who the stakeholders of a corporation really are. According to Sternberg (1997), when determining who should really be considered a stakeholder, criteria should be considered such as materiality, immediacy and legitimacy. Consequently, Mitchell et al. (1997) developed an elaborate theory of stakeholder identification and salience. They agree with the idea that those who should really count as stakeholders should indeed satisfy specific criteria. They argue that legitimacy should not be enough to qualify a group as a stakeholder, as posited by other stakeholder theorists such as Freeman (1984), Clarkson (1995), and Donaldson and Preston (1995).

4.3.3 Institutional theory

Institutional theory is a firmly established research tradition. Gray et al. (2010) highlight that it has been widely applied within a number of areas, most notably research in political science and social and organisational change, and in accounting control methods, management accounting and financial reporting. It has undoubtedly contributed to our understanding of why companies have engaged in CSR programmes (Campbell, 2007). It has been used less frequently in the current researches (Gray et al., 2010). For example, in studies by Rahaman et al. (2004), Bansal (2005), Campbell (2007), Amran and Siti-Nabiha (2009) and Berrone and Gomez-Mejia (2009) institutional theory has been adopted to explain CSR-related activities. It is a particularly appropriate theory to apply when seeking to explain the reasons why CSR has been introduced and to identify the approaches used in different countries.

Institutional theory is founded on the premise that the environment in which an organisation operates influences the structures it subsequently develops; for example, in the implementation of CSR activities. This extends to formal systems such as laws as well as other more informal, albeit crucial, structures like religious norms. Consequently, Brammer et al. (2012) argue that societal variations can emerge in terms of what CSR essentially constitutes, given that its socially-related aspects are shaped by societal assumptions and beliefs. Institutional theory comprises two broad elements, the first of which is described as isomorphism (DiMaggio and Powell, 1983). Within an organisational context, isomorphism
refers to similarities that occur between one organisation and others operating within its vicinity. Furthermore, some authors have argued that the more heavily one organisation relies upon another, the stronger the resemblances which subsequently form between them, in terms of ethos, the prioritisation of actions, and various structural dimensions. DiMaggio and Powell (1983) also place a strong focus on the concept of institutional isomorphism, whereby they affirm three processes that facilitate the likelihood of a greater affinity forming between organisations: coercive, mimetic, and normative isomorphism. They define coercive isomorphism in terms of externally imposed pressures such as governmental demands and the need to comply with legal requirements. Mimetic isomorphism refers to the imitation or modelling of other successful organisations which typically arises when operating in a climate characterised by unpredictability and uncertainty. Finally, DiMaggio and Powell (1983) propose that ongoing communication between different professionals results in one organisation adopting the norms and values espoused by others, which they describe as normative isomorphism. However, in light of the similarities between all three processes, a high degree of commonality exists, thus making them somewhat indistinguishable in practice.

Decoupling is the second broad element upon which institutional theory is founded. Meyer and Rowan (1977) describe the concept as a conscious disassociation between organisational policies and practices, a strategy adopted by organisations to gain greater credibility or to promote their technical prowess. Organisations typically encounter two challenges when contending with socially imposed rationalised myths that stipulate how they should appear and behave. These beliefs may not be of any actual benefit on an organisational level. Some such myths may coexist and be in conflict or at variance with one another. Thus, in order to address these organisational challenges, Meyer and Rowan (1977) recommend that organisations decouple their practices from other more formally embraced structures. This approach proposes that organisations conform to pressures on a peripheral level only, in which they implement new structures without automatically having to comply with the associated practices. Both isomorphism and decoupling are key considerations in understanding voluntary corporate reporting and disclosure practices. Hamann (2006) observes that existing CSR programmes which have evolved in developed nations may neither resonate with nor function within the same settings and situations that arise in developing countries. Accounting methods and practices are a prominent example (Hoarau, 1995; Larson and Kenny, 1996; Eccher and Healy, 2000). However, similarities between the CSR approaches adopted in different nations may become evident due to, for example, a shared colonial past.
As illustrated in Figure 3, there are major similarities between the three basic theories. All three are extensions of wider social and political theories (Gray et al., 1996), and also they are all ‘system-oriented theories’ which concentrate on the role of information and disclosure in the relationships between companies (Chen and Roberts, 2010) and those between the firm and the community within which it operates. Thus, these theories are directly or indirectly linked to each other, and might be considered to be complementary rather than in. This helps to understand how corporations respond to changing social pressures and expectations. The different theories can be applied to explain existing organisational structures, and they have been utilised to demonstrate that special operating or reporting policies and structures may be applied because of pressures from stakeholders who expect to see particular (and often somewhat homogeneous) practices. While legitimacy theory focuses on the expectations of society in general, stakeholder theory explicitly points to specific stakeholder issues such as power. Therefore, the focus of stakeholder theory is narrower than that of legitimacy theory. Nevertheless, there is a great deal of overlap between the two.

Legitimacy and stakeholder theory involve a similar ontological idea of relationships between companies and society. They suppose that firms and society affect one another (Gray et al., 1995; Chen and Roberts, 2010) and that interactions between them continually create specific social structures. However, Gray et al. (1995) argue that different perspectives are involved, since legitimacy theory is interested in the legitimisation process while stakeholder theory is more concerned with legitimisation strategy (Chen and Roberts, 2010). Similarly,
Woodward et al. (1996) assume that, although stakeholder and legitimacy theory have similar ideas about a corporation as part of the society at large, they concentrate on different perspectives. For example, legitimacy theory considers the firm’s contractual obligation to society as a whole, while stakeholder theory makes a distinction between groups within society and understands that some groups are more influential than others (Mitchell et al., 1997; Altman, 2000). Although the perspectives discussed above may not be contradictory, they do vary in emphasis.

Most studies in the field of CSR disclosure and reporting have predominantly used legitimacy theory or stakeholder theory or even institutional theory, and the relevant concepts have been applied in ways that are most suitable for developed countries which are by nature rational/capitalist societies. Without denying the benefits of legitimacy or stakeholder theory in CSR studies, this thesis takes an alternative approach since, in the accounting literature, impression management theory has been adopted and applied to explain the responses of organisations dealing with legitimacy challenges (Hooghiemstra, 2000). Legitimacy and impression management theory assert that organisations will increase their reactive or defensive disclosures in response to threats and also attempt to maintain the legitimacy they already have by using more proactive or assertive tactics (O'Keefe and Susan, 2008). In addition, this study also responds to the call for research on social and sustainable accounting by Unerman and Chapman (2014) in their editorial in Accounting for Organizations and Society. These authors also shared Bebbington and Thomson’s (2013) concern that a much wider range of theoretical perspectives, including some from outside accounting and management studies, need to be drawn upon to provide a more powerful evidence base upon which more effective accounting for sustainable development can be built (see also O'Dwyer and Unerman, 2016). This study applies impression management theory to provide a richer understanding of the agendas of oil companies in using CSR activities.

Whilst various perspectives have been applied to analyse CSR reports, in the context of research, impression management theory might be used to evaluate two CSR activities. Firstly, CSR reports help to build the reputation of a company thus is amenable to assessment using impression management theory. Secondly, impression management theory and tools can be applied to manage legitimate threats that could have deleterious effects upon the company’s stock price and reputation (Hooghiemstra, 2000). A key concept that underpins legitimacy theory is that companies have social contracts with society; for a company to survive, it has to operate within the confines of the norms of society. Using impression management as a tool, companies that tackling legitimacy threats can be analysed. Using a concrete example to illustrate, impression management theory was used to analyse the activities that Aramco used
to keep control of their oil assets and the company’s legitimacy. There are parallels between legitimacy theory and stakeholder theory, with the latter considering company’s corporate reporting to be a reaction to the requirements and expectations of diverse stakeholders that includes customers and employees, as well as government agencies and lobby groups. The assumption is that companies use impression management to direct the views of different stakeholder groups. According to institutional theory, to minimise the unwanted interest of stakeholders with significant economic clout, companies may base their adoption of social norms on those of other companies. Companies might use impression management for this purpose. To determine if companies draw upon mimetic isomorphism, impression management research based on institutional theory could be used (Merkl-Davies & Brennan, 2007, p.116-196).

4.4 Overview of historical development of CSR communication

4.4.1 CSR communication

Various studies have focused on how corporations comply with emerging environmental and societal pressures, while others studies emphasise how firms may promote their legitimacy by environmental and social disclosure (Coupland, 2006). These ideas shed light on how communication plays a fundamental role in a legitimacy context (Du and Vieira, 2012, Duff, 2016). Furthermore, the strategic approach to CSR activities means that corporations should carefully design and fulfil their communication strategy, paying attention to the specifics of the CSR messages as well as employing a diversity of communication tools (Du et al., 2010). Strategic methods include questions surrounding “what to communicate (i.e. message content), where to communicate (i.e. message channel), as well as an understanding of stakeholder-specific factors that impact the effectiveness of CSR communication” (ibid, p. 9). Morsing (2006, p.171) defines CSR communication as “communication that is designed and distributed by the company itself about its CSR efforts”. Consequently, companies utilize different communication tools for different types of stakeholders (Hung-Baesecke, 2016). There are various areas channels through which firms communicate their CSR-related information such as that related to social, environmental, and sustainability reporting (Adams and Frost, 2006, Rowbottom and Lymer, 2009), including CSR websites (Esrock & Leichty, 1998, Fisher et al., 2004; Coupland, 2006; Morhardt, 2009; Tang et al., 2014), CSR advertising (Zeghal and Ahmed, 1990), public relations, and social media platforms (Cormier et al., 2009). However, in recent years, the disclosure of corporate social responsibility information using the World Wide Web is attracting the attention of the various CSR literature and researchers (Du and Vieira, 2012). In addition, CSR communication via the internet emphasizes CSR goals and
achievements for gaining benefits to stakeholders and society in general (Sones et al., 2009).

4.4.2 Audiences for CSR communication

The audiences of CSR activities include external stakeholders such as competitors, the business press, local communities, consumers and government, and internal stakeholders like investors, managers and employees (Du et al., 2010). According to Dawkins (2004), the various stakeholders can be classified into two types: opinion-leader audiences and the general public. Furthermore, different audiences may have different expectations of businesses and in their need for information, and may thus react differently to the different communication channels used for CSR communication (Du and Vieira, 2012). The major audiences discussed in the CSR communication literature to date are those external to the firms, such as consumers. (Crane & Glozer, 2016).

Freeman (1984, p.46) defined stakeholders as “any group or individual who can affect or is affected by the achievement of the organization’s objectives”. In particular, opinion-leader audiences for example, include “legislators (MPs in Britain), business press, investors (both mainstream institutional investors and the socially responsible investment or SRI community) and non-governmental organisations (NGOs)” (Dawkins, 2005, p.111). Stakeholders are interested in the company’s ability to succeed in the long-term so as to maintain their relationships with the firm. Hence, the company’s performance considered to be an important factor for stakeholders. While the interests of stakeholder groups are likely to overlap, the nature of their relationships with corporations means that each stakeholder group will have specific interests and concerns.

In contrast, however, another type of audience for CSR communication is the general public as consumers, and CSR disclosures allow suppliers and customers to evaluate the importance of their relationship with a company. According to this view, consumers are likely to assume that the firm’s activities or relationships may also be untrustworthy. Since different stakeholder groups have different expectations of businesses and different information needs, a key challenge of CSR communication is to determine how CSR initiatives can best be communicated to the respective target audiences (Du et al., 2010).

4.4.3 The purpose of CSR communication

As a general rule for corporations, the most important aims of CSR communication are its potential benefits for corporate identity, image and reputation (Zeghal and Ahmed, 1990). The CSR literature focuses on the importance of defining clear communication objectives for each type of stakeholder. According to Crane and Glozer (2016), the purposes of CSR
communication can be broadly grouped under six main headings of stakeholder management, image enhancement, legitimacy and accountability, attitude and behaviour change, sense making, and identity and meaning creation. However, the aim of CSR communication is identified according to the perspectives of stakeholders, consumers, and employees. The first objective is stakeholder management, where CSR communication to shareholders should support the firm’s overall financial objectives such as achieving and maintaining a favourable climate for the company, increasing and maintaining share prices, and increasing volumes of sales (Birth et al, 2008). The second objective is to influence consumers, and more and more companies design their CSR communication to improve their public image because consumers consider socially responsible firms to have a good reputation (Zeghal & Ahmed, 1990). Finally, regarding communication to employees, the main objective is to increase employee satisfaction and commitment. Employees represent a powerful resource for the company in conveying positive messages about it. Thus, the company’s CSR activities can help the company by building trust in staff and stimulating the employees to engage with the company at a large level leading to an enhancement of the reputation of the company.

4.4.4 The importance of CSR communication

It has been argued that corporate social responsibility disclosure is a technique employed by companies for the conservation of their self-interest, to deflect attention from activities which might be viewed negatively (Williams, 1998). Firms engage in corporate social responsibility disclosures in order to defend and improve their position and image, and strengthen their relationships with the public and society in order indirectly assist in the promotion of products to customers (Zeghal & Ahmad, 1990). Hence, recent studies have used the typology proposed by Garriga and Melé to understand the main reasons for company involvement in CSR reporting, which may relate to instrumental, economic or political issues, or concern the integration of responses to social demands from stakeholders, ethical issues or responses to external pressure (Crane et al, 2014).

**Instrumental/economic reasons.** The company may believe that society will withdraw its support if the public have any suspicions about the company’s operations. This reaction would then affect the economic prospects of the company. Likewise, the government may introduce stringent rules and requirements that risk the survival of the company. In reaction to these threats, corporations might disclose information to the general public and government about actions undertaken by the firm or changes in their policies and procedures. As a result of this, the message will be that the firm is able to deal with present needs and also with future requirements. The main strategy in the disclosure of such information is to try to reinforce
society's confidence in the company and to form a positive image for the government as well as stakeholders which will lead to increased profits (Williams and Pei, 1999).

**Political reasons.** Large firms such as multinational companies are considered have become increasingly powerful organizations in society. This growing power may introduce more limpidity and responsibility to the stakeholders and the public as large in terms of how the company has developed society by disclosure of CSR (Crane et al, 2014). Williams (1998) has found that cultural factors and the political, civil and legal systems were all significant determinants of corporate social disclosures.

**Integration of responses to social demands from stakeholders.** As discussed previously in this chapter, a common characteristic of CSR communication is that it has many possible audiences, ranging from administrators, the business press, investors and government to society, consumers and employees (Dawkins 2004). These different audiences vary in terms of their expectations of the company’s operations, and in their information needs. Accordingly, it is imperative for a firm to tailor its CSR communication to the specific needs of different stakeholder groups (Du et al, 2010).

**Ethical reasons/responding to external pressure.** The general public’s belief that the company is committed to ethical standards in their operations should result in an obligation upon it to do what is right, just and fair, which means they should avoid causing harm (Carroll, 1991). Based on that, companies use CSR activities to communicate a representation of their ethical behaviour. However, in today’s social environment, firms should be seen to be socially and environmentally responsible and respond to external pressures. In other words, the company should respect the ‘social contract’ between business and society (Du et al, 2012).

**4.4.5 Islam and CSR**

In terms of Islamic religious values and beliefs, the Holy Book, the Qur’an, Hadith and Shari’ah law (Islamic law) set out the idea of CSR. In Islam, these sources guide the relationships between individuals and society, between humans and the natural world and between humans and Allah (God). According to Shari’ah, the influence of social contracts is lesser than the influence of religion. This means that it is incumbent upon people to adhere to their contractual obligations and to maintain a high level of moral consciousness and virtue as this is what is stipulated by Shari’ah (Shu et al., 2021).

Accordingly, as Lewis (2001) has observed, “[T]he aim of the Islamic economic system is to allow people to earn their living in a fair and profitable way without exploitation of others, so that the whole society may benefit” (p.109). It is evident, then, that almsgiving is a long-standing practice within the Islamic tradition. In Islam, almsgiving simply means the active
participation of society’s citizens in: (1) donating money or goods to assist the poor and downtrodden; (2) providing free services, by building schools and health centres; (3) solving social problems, by obtaining rights for women and minorities and creating a better work environment; (4) improving the quality of life, by supporting higher education and establishing scholarships, research grants, and fellowships; and (5) curbing the detrimental environmental impacts of individuals and businesses and alleviating water scarcity. As Brammer et al. (2007) put it, “…[I]n Islam, God is the creator and owner of wealth and material possessions, and Muslims are viewed as trustees of the earth on behalf of God (Qur’an, 20:6). This means that resources must be disposed of in such a way as to protect everyone’s well-being. No one is authorised to destroy or waste God given resources” (pp. 232-233).

Carroll (1991) asserted that “Although economic and legal responsibilities embody ethical norms about fairness and justice, ethical responsibilities embrace those activities and practices that are expected or prohibited by societal members even though they are not codified into law” (p. 41). Most notably, to ensure compliance with societal mores and moral norms, i.e., Muslim religious traditions or practices, Article 36 explicitly restrained the company, or anyone connected with it, from interfering in “administrative, political or religious affairs within Saudi Arabia”. In turn, it was implicitly essential that the company had to maintain stable, enlightened, political relationships with the Saudi royal regime (Litvin, 2012). It was not only that, of course, but it was further understood that Arabic and Islamic heritage and Bedouin traditions define the Kingdom’s culture. Holy Qur’an (believed by Muslims to be the word of God revealed to the Prophet Muhammad) and sunnah (the acts and sayings of the Prophet, known as Hadith) together make up the constitution. Shari’a doctrine, the religious law of Islam, then governs all aspects of the Kingdom’s culture. As such, these preconditions can best be understood as ethical requirements the American oil company had to respect and follow carefully in employing its legitimacy strategies relating to fundamentally alter the social and economic structure of the rapidly developing young country. It also meant that, while implementing and developing its overseas commercial missions in the Kingdom, the company needed to make considerable efforts to change the perceptions and expectations of Saudi public, who had general suspicion towards new foreign investments, as a symbol of western capitalism and indirect imperialism.

4.5 Impression Management Theory and Empirics: Theoretical Framework for the Study

In considering the above discussions of legitimacy and stakeholder theory, it can be concluded that these theories view CSR from different perspectives. These standpoints provide a better understanding of a number of issues regarding the determinants of social disclosure in general
Theoretical framework developed for this study is described in detail in this section. Tedeschi and Melburg’s (1984) framework of impression management provides insights into the political implications of CSR reporting. They emphasise the importance of impression management theory in the analysis of self-presentational behaviour and in providing a convincing explanation of company behaviour.

The concept of impression management was first proposed in social psychology, and it focused on “studying how individuals present themselves to others to be perceived favourably by others” (Hooghiemstra, 2000, p.60). According to Brennan and Merkl-Davies (2013), four general approaches to the study of impression management can be identified in accounting research, relating to economic, psychological, sociological and critical perspectives. The economic and social psychological perspectives mostly focus on the development of image, and particularly the managerial effort to manage shareholders’ and financial stakeholders’ perceptions of financial performance. The sociological perspective is concerned with social responsibility, the environmental image and legitimacy. The critical perspective is concerned with power and focuses on managerial attempts to influence the perceptions of the organisational audience concerning corporate influence and control.

The sociological clarification of corporate narrative disclosures is based on legitimacy theory, stakeholder theory and managerial disclosure behaviour is seen as a response to stakeholders’ interests and the desire to demonstrate organisational legitimacy. As a result, the literature that adopts the sociological perspective regards impression management as a product of the structural restriction of different stakeholder groups or the community at large. Thus, impression management is seen as a response to the concerns of different stakeholder groups, or a response to public and media pressures relating to a debatable issue or event (stakeholder theory), or arising from a conflict between organisational and societal norms or values (legitimacy theory). The latter shapes the endeavour on the part of managers to obtain or restore organisational legitimacy by supporting the firm’s values and norms within their society; in particular in situations where firms face legitimacy threats, for example as a result of product safety issues, corporate scandals or environmental disasters.

4.5.1 Impression management theory: empirical literature review

The basic assumption of impression management theory is that an actor consciously builds a character to maximise individual gains. For example, when corporations desire support from influential people or seek to influence outcomes advantageous to themselves, members of these companies will engage in behavioural repertoires to design the most favourable image possible.
Erving Goffman (1959) was the first to introduce the phenomenon of impression management. According to Goffman (1959), during social interactions people can be equated to ‘actors’ and the ‘performance’ they present relies on their position and the audience. These actors aim to control the images they convey to relevant others so as to achieve their desired aims – which may be social, psychological or material (Leary and Kowalski, 1990). Therefore, impression management is purposeful and goal-directed behaviour. The impression management approach is a pertinent perspective to employ in seeking corporate control and when building the corporate brand (Spear and Roper, 2013). Therefore, impression management theory is used to explore the formation of organisational reputation, examining how companies use impression management to influence and manage stakeholders’ perceptions and evaluations (Srivoravilai et al., 2011; Mishina et al., 2012).

Many studies have examined the use of impression management strategies, but to the best of the present researcher’s knowledge none have employed Tedeschi and Melburg’s framework in a historical context to understand how companies in the twentieth century used annual reports on CSR for control purposes. Brennan and Merkl-Davies (2013) state that understanding impression management communication options is vital in aiding readers of corporate reports to detect any possible deception inherent in such practices.

Impression management is classified by Tedeschi and Melburg (1984) as either tactical or strategic. Tactical impression management is used to serve short-term interests, and strategic impression management for long-term interests. Meanwhile assertive impression management seeks to develop or enhance a positive identity and reputation for the organisation, while the defensive form expresses an intention to protect the organisation from any negative associations. The distinction between assertive and defensive impression management techniques is routinely made in the existing literature (Tedeschi and Melburg, 1984; Mohamed et al., 1999). However, the boundary between assertive and defensive tactics is often blurred.

According to Tedeschi and Melburg’s(1984) classification of impression management, strategic assertiveness involves the manipulation of characteristics such as physical attractiveness, esteem, prestige, status and credibility. However, strategic defensive tactics may include self-handicapping, phobias, hypochondria and learned helplessness. On the other hand, tactical assertive impression management includes organisational self-promotion, ingratiation, exemplification, supplication and intimidation. However, tactical defensive strategies could deploy actions such as excuses and justifications, disclaimers, apologies, restitution and compensatory actions.

Tactical impression management behaviours are enacted to secure some short-term
goal. They tend to be episodic, and there is usually a clear beginning and end to their enactment. The relatively short time frame for which they are targeted makes them particularly suitable for experimental research. On the other hand, the longer time frames during which strategic impression management behaviours are in play makes them correspondingly less suited for such procedures (Giacalone and Rosenfeld, 1989).

Strategic impression management behaviours are used to develop “a reputation for possessing characteristics that will yield long-term effectiveness in influencing other people” (Tedeschi and Melburg, 1984, p.42). The target’s perception of desirable traits is independent of a source's actual possession of those traits, and so the source must bring these traits to the attention of the target. This is difficult to accomplish through the use of tactical impression management behaviour alone. Research has shown that people react negatively to the overuse of such tactics (Baron, 1986). If the goal is to develop a lasting impression on the target, such as might be useful in an annual performance appraisal, strategic impression management behaviours are likely to predominate (Giacalone and Rosenfeld, 1989).
Corporate control

Internal stakeholders
- investors, employees, customers, suppliers, governments and communities

External stakeholders
- media, general public and research centres

Tedeschi and Melburg’s framework of Impression management

| Defensive   | 1. Accounts   |
|            | a. Excuses    |
|            | b. Justifications |
|            | 2. Disclaimers |
|            | 3. Apologies   |
|            | 4. Restitution |
|            | 5. Compensatory Actions |

| Assertive   | 1. Ingratiation |
|            | a. Self-enhancing communications |
|            | b. Other-enhancing communications |
|            | c. Opinion conformity |
|            | d. Favor-doing |
|            | 2. Intimidation |
|            | 3. Self-promotion |
|            | 4. Exemplification |
|            | 5. Supplication |
|            | 6. Entitlements |

CSR in Annual reports  Company policies  Public communications

Figure 4. The theoretical framework of this study
Figure 4 reflects the framework adopted to analyse the findings of this research. Control may be exercised through an impression management strategy with regard to pressure from stakeholders. There are two essential groups with which companies desire to maintain good relations. The first comprises internal stakeholders such as investors, employees, customers, suppliers, governments and communities. These groups widely influence company image. The second important group includes external stakeholders with an indirect impact on the company’s image, such as the media, the general public and academic researchers. Inspired by pressure from these stakeholder, companies build impression management into their CSR reports, company policies and public communications with the intention of attracting the attention of their internal and external audiences. Each element of control therefore implies a different mechanism of impression management aimed at a different range of stakeholders. The most important techniques that companies apply are described below.

- **Defensive impression management tactics**
  Defensive behaviour is reactive. It typically occurs when the actor is faced with a dilemma or a probable threat (Giacalone and Rosenfeld, 1989). In other words, defensive impression management emerges as a response to the need to justify your actions when predicaments or misunderstandings have occurred.

  Defensive impression management studies have mainly examined managerial obfuscation (Yang and Liu, 2017). Corporations can manipulate or minimise information using rhetoric to avoid airing negative information (Merkl-Davies and Brennan, 2007; Leung et al., 2015). Tedeschi and Melburg (1984, P.32) also note that defensive impression management is “reactive and typically occurs when the actor is faced with a predicament ... in which ... undesirable qualities may be attributed to the actor”. Defensive strategies are typically used when poor individual performance occurs (Liden and Mitchell, 1988).

  Luginbuhl and Palmer (1991) indicate that defensive impression management within a group is likely to influence perceptions of dereliction of duty. This is because the defensive impression management behaviours utilised, such as justifications, apologies, and disclaimers, will often be more likely to result in attributions about the lack of effort group members are exhibiting. A summary of defensive impression management tactics is presented in Table 7.

- **Assertive impression management tactics**
  Assertive behaviour is initiated presumably in response to a perceived opportunity (Giacalone and Rosenfeld, 1989). In assertive impression management, the manager attempts to present a proactive stance in relation to a target. Included in this category are ingratiation, intimidation, self-promotion, exemplification, supplication and assertions of entitlement. Assertive impression management is a vital component of many influence tactics (Giacalone and
Corporations employ assertive impression management strategies by presenting positive details and by manipulating information (Merkl-Davies and Brennan, 2007; Beattie and Jones, 2008; Brennan et al., 2009). Firms can boost favourable information by using self-presentational methods such as textual narratives, a quantitative format, or visual aids to highlight their performance (Yang and Liu, 2017). A brief summary of assertive impression management tactics is presented in Table 8.

- **Assertive and defensive strategic impression management**

Assertive and defensive strategic behaviours serve longer-term aims to develop desired reputational characteristics such as: attractiveness; prestige, involving control over resources; esteem, in terms of competence or expertise; status and legitimacy; and credibility (Giacalone and Rosenfeld, 1989).

Each company earns a lasting reputation for having certain traits, abilities, values and experiences. Most firms learn to care about the kind of reputation they develop and act in a calculated manner to protect and build particular reputational characteristics. A brief summary of assertive and defensive impression management strategy is presented in Table 9.
## Table 7. Defensive impression management tactics

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<th>Defensive Tactics</th>
<th>Definition/Explanation</th>
<th>Example</th>
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<tr>
<td>1. Accounts</td>
<td>Accounts are explanations of a predicament-creating event that seek to minimise the apparent severity of the predicament and portray the organisation in a favourable light. Predicaments occur when the legitimacy of an organisation's actions or products are questioned. Unless the organisation's legitimacy is restored, the organisation may suffer. The impression management literature has documented several types of such accounting strategies. Accounting tactics are a form of correlated tactics pursued to offer the audience a real or imagined explanation of a predicament or apologies for this predicament. According to Schlenker (1980), appropriate communication could place the actor and the event in a different perspective and the actor attempts to minimise the negative repercussions of predicaments. Accountability means being answerable, and an account is an actor's answer to queries. More specifically, an account is an explanation given in response to or in anticipation of inquiries about events. Accounts usually attempt to place a more personally desirable (or less undesirable) interpretation on an event than would otherwise occur. An impressive array of research on accounting tactics substantiates people's proclivity to rationalise events that threaten their identities or interests.</td>
<td>Elsbach and Sutton (1992) Bozeman and Kacmar (1997) Schlenker (1980) Giacalone and Payne (1995) Goffman (1959) Hooghiemstra (2000) Giacalone and Rosenfeld (1991)</td>
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<td>a. Excuses</td>
<td>This is a type of account in which the organisation admits that it caused the disruptive act but attributes its actions to external forces. Organisational decisions, if interpreted by constituents as irrational or unjustified, may cause problems, as these constituents may refuse to accept the decision or cooperate with the organisation. To rationalise its action, the organisation may defame another entity.</td>
<td>Schlenker (1980) Mohamed and Gardner (2004)</td>
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Regarding excuses, the actor attempts to reject responsibility for an act he admits is inappropriate. The best excuses are mostly those that refer the failure to external causes or uncontrollable and unintentional reasons. These excuses offer efficient protection to the actor. As is the case in many forms of impression management, excuses are activated when companies can provide a reasonable clarification of the issue. As a consequence, the excuses presented by organisations should fit the facts to a large extent.

Excuses are primary strategies used in interpersonal relationships and by some organisations. When offering an excuse, organisational spokespeople admit that an organisation's actions might seem bad, wrong or inappropriate. Nonetheless, they deny responsibility, intent to do harm or the foreseeability of the harm, implying that the outcome was uncontrollable.

Tedeschi and Riess (1981) offer typologies of excuses and justifications. They provide three main categories of excuses, involving denial of: intention, volition and/or agency. Among denials of intention are assertions that the consequences were unforeseeable, the actor was ignorant of the effects of the actions and decisions, the effects were accidental or resulted from a mistake, or the actor was misinformed by others. Denial of volition may allege physiological ailments such as fatigue, illness or psychological problems, including the inability to control strong emotions such as anger, fear, depression or jealousy. Common to all volitional excuses is the claim by the actor that he or she could not control and/or could not be expected to control the conduct in question. Denial of agency may involve assertions that one did not make a decision or perform a particular behaviour or that it is a case of mistaken identity. The denial may include alibis or witnesses.

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<tr>
<td>b. Justifications</td>
<td>Regarding justifications, the actor admits responsibility for the actions but he denies that the act was wrong with a view to reducing the negative consequences.</td>
<td>Tedeschi and Mulberg (1984)</td>
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</table>
Justifications acknowledge some organisational responsibility for the action threatening its public image. Justification allows employees to acknowledge any factual information their listener may already know about the situation. Justifications also attempt to reconstruct a negatively viewed situation into one that can be viewed as legitimate, justified or even good. An undesirable event can be justified by minimising its negativity, comparing it with similar events for which the responsible people were not punished, and reframing it within the context of higher or more desirable goals, values or socially accepted norms of conduct.

A justification provides either overriding or rewards positive consequences as exceeding the damage is done. Such explanations may take an indefinite number of forms, but Tcdcschi and Riess (1981) suggest ten general classifications: (a) appeals to a higher authority, such as God, organisational rules, or top executives; (b) appeals to ideology, such as nationalism, religion, political and economic doctrines, and organisational missions; (c) appeals to norms of self-defence or reciprocity; (d) appeals to loyalties, such as to friends, the work ‘team’, the boss, the organisation, family, race or sex; (e) protecting one’s reputation, such as manhood or credibility; (f) appeals to norms of justice, including law and order concerns, or standards of equity or equality; (g) the argument that the negative effects are misrepresented, such as that there is no victim or there was no real harm done; (h) downward social comparisons, suggesting that others do worse things or perform less well, and scapegoating; (i) appeals to humanistic values, such as truth, love, conservation, theory, and beauty; and (j) self-fulfilment, such as when a high-powered executive argues that his or her assertiveness is a form of ‘creative aggression’ which is good for his psychological health and – not incidentally – company profits.

According to Tedeschi and Riess (1981, p.281), “Excuses are explanations in which one admits that the disruptive act is bad, wrong, or inappropriate but dissociates himself [or herself] from it. Justifications are explanations in which the actor takes responsibility for the action but denies that it has the negative quality that others might attribute to it”.

| 2. Disclaimers | Hewitt and Stokes (1975, p.3) define a disclaimer as “a verbal device employed to ward off and defeat in advance doubts and negative typifications which may result from intended conduct”. While there are many specific kinds of disclaimers, they have in common the purpose of informing an audience of what an actor is going to do and why. This is done so that there will be no mistaking the motive or justification for engaging in the action. Self-handicapping is one important form of disclaimer that has been demonstrated experimentally by Jones and Berglas (1978). Unlike the excuses strategy which focuses on explaining events that have already occurred, disclaimers focus on future events. Disclaimers are reports that are presented before a possible confusing action with a view to preventing any negative effect on the organisation’s image. Organisations routinely use disclaimers in their advertisements and contracts to mitigate their responsibility for products or services that fail to meet expectations. These disclaimers work by portraying the organisation as honest and considerate of the interests of others. |

| 3. Apologies | Another defensive tactic is the use of apologies. In apologising, the actor admits an unwanted event, but at the same time, he endeavours to convince the public that this undesirable situation must not be considered a fair representation of what the actor is really like as a person. According to Giacalone (1988), using the tactic of apology in an annual report of a company is rare. He argued that it is not the best strategy for the manager to employ, because an apology explicitly admits failure which leaves the leader at the mercy of |
observers. Official spokespeople for some organisations facing scandals may apologise if there are no immediate victims and responsibility cannot be denied. However, an organisation's culture or the political realities of its environment may subtly persuade spokespeople not to publicly accept blame or apologise. An apology is a confession of responsibility for a negative action – plus an expression that the action was wrong and deserves punishment. According to Goffman (1959), an apology also implies a desire to make restitution to victims and entails a promise to behave appropriately in the future. Thus apologies, like justifications, are attempts by the individual to align him or herself with the rules of society. The interpersonal function of apologies is to gain the actor a pardon and/or to mitigate negative evaluations and retribution.

Table 8. Assertive impression management tactics

<table>
<thead>
<tr>
<th>Assertive tactics</th>
<th>Definition/Explanation</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ingratiation</td>
<td>In a study of annual reports by Ogden and Clarke (2005, p.329), ingratiation was identified as “sharing benefits with customers such as rebates and lower bills”. This kind of strategy may have an influence on shareholders’ perceptions of the firm's brand. The goal of ingratiation behaviour is to make the organisation seem attractive and popular, which could be achieved by communicating what it offers its stakeholders. An ingratiation statement stresses common values of honesty and fairness. Ingratiation also involves messages highlighting an organisation's positive qualities, traits, motives and/or intentions. They tend to suggest that an organisation serves as a role model. Ingratiation occurs frequently in external organisational discourse. Indeed, public relations efforts are based largely on ingratiation. By its very nature, ingratiation is a difficult behaviour to master because the agent must have sufficient social skills to execute the act. The agent must also infer the type of behaviour that will most appeal to the target. In other words, the agent must both choose to behave in a specific manner and be perceptive enough to know how that behaviour will be interpreted by the target. According to Tedeschi and Melburg (1984), four basic kinds of ingratiation tactics have been demonstrated in laboratory experiments: self-enhancing communications, other-enhancing communications, opinion conformity and favour-doing.</td>
<td>Ogden and Clarke (2005) Connolly-Ahern and Broadway (2007) Young et al (1994) Allen and Caillouet (1994) Caillouet and Allen (1996) Giacalone and Rosenfeld (1989) Tedeschi and Melburg (1984)</td>
</tr>
<tr>
<td>2. Intimidation</td>
<td>Intimidation involves impression management behaviours that present a new venture as a dangerous entity, one able and willing to inflict pain on those who frustrate its objectives. The primary goal in</td>
<td>Bolino and Turnley (1999)</td>
</tr>
</tbody>
</table>
using intimidation is to be perceived as tenacious and forceful. Even weaker actors may sometimes direct threats or warnings towards more powerful audiences.

| 3. Self-promotion | Self-promotion behaviour involves promoting the organisation’s achievements that could have an impact on audiences’ impressions of the corporate brand by showing that it is competent. Self-promotion can help to build a corporate reputation. In contrast with self-protection, self-promotion will probably take the form of more direct attempts to establish one's competence, intelligence, knowledge, skills or prowess. For instance, self-promoters may display their 'credentialed selves' by displaying diplomas, certificates or awards of one type or another. Self-promotion involves an emphasis on competencies and skills in the way individuals present themselves to another. Giacalone and Rosenfeld (1986) point out that such behaviour would be particularly prevalent where individuals encounter others higher in status, as in many interviews. Candidates might be expected to exaggerate their achievements and the recognition they have received to an interviewer. | Gardner and Cleavenger (1998) Mohamed et al. (1999) Bolino and Turnley (2003) Spear and Roper (2013) Giacalone and Rosenfeld (1989) |
| 4. Exemplification | Exemplification is an impression management strategy that organisations use to project an image of integrity, social responsibility and moral worthiness. Exemplification stresses the organisation's social and moral qualities manifest, for instance, in general philanthropy, public service or community improvement. Such behaviours may reflect, for instance, the firm's concern for the environment through their efforts at pollution control, its concern for its employees' well-being | Parhankangas and Ehrlich (2014) Mohamed et al. (1999) Highhouse et al. (2009) Perrini (2006). |
through their efforts to promote a healthy work-life balance, or its concern for broader society through its work with disadvantaged people. The use of exemplification tactics may signal that considerations beyond financial gain or legal mandates guide the organisation’s actions. As such, exemplification behaviours somewhat resemble the CSR agenda which entrepreneurial firms are increasingly seeking to embrace. This tactic typically has some immediate objectives, such as affecting an immediate decision made by another person. Thus, the individual might arrive at work early, never take longer than one hour for lunch, and seldom waste time on the job in order to provide a model of how subordinates should conduct themselves. By acting in such an exemplary fashion, the goal of increasing the production of a work team may be realised.

The exemplification strategy could be used by referring to the achievements of the organisation in their CSR activity. Perks et al. (2013) indicated that describing how companies have provided services for the public good and also employing this behaviour in stories could affect stakeholders’ perceptions of the corporate brand by making it appear powerful and morally valued.

| 5. Supplication | Supplication involves behaviours through which an organisation seeks to create an impression of neediness and vulnerability by describing its weaknesses and broadcasting its limitations. The purpose of supplication is often to solicit sympathy and assistance from others, especially target audiences that possess a particular skill or resource the firm lacks. Unlike the impression management tactics discussed above, which typically seek to portray the new firm in a favourable light, supplication depicts the firm as being incapable of meeting its goals unassisted. | Bolino and Turnley (2003) Gardner and Cleavenger (1998) Jones and Pittman (1982) Rosenfeld et al. (2002) Mohamed et al. (1999) |
The supplication strategy can influence stakeholders’ perceptions by allowing the brand to obtain, preserve, or reform its legitimacy, and avert negative or unwanted behaviours that are attributed to it. The purpose of this tactic is to invoke norms of social responsibility and thereby gain help or advantage from the target person. Most organised prosocial behaviour provides help for dependent persons, such as children, the elderly and those with various infirmities. Berkowitz and Daniels (1963) propose that these kinds of actions are manifestations of a clear cultural norm of social responsibility which requires that advantaged people who have ample skills or resources provide help to dependent others in a clear case of *noblesse oblige*.

| 6. Entitlements and enhancements | Just as people attempt to avoid responsibility for the negative outcomes of behaviour, they are assertive in making claims of responsibility and credit for the positive consequences of decisions and actions. Among acclaiming tactics are entitlements and enhancements. Entitlements are verbal claims of responsibility for positive events. Managers entitle themselves to responsibility for increases in production in their units. Enhancements are verbal claims that the value of a positive event for which the actor claims responsibility is greater than most observers might think. Once the person gains credit for a positive event, the amount of approbation and reward that may be associated with such responsibility is directly proportional to the value involved. Thus, the actor may attempt to enhance the value so as to gain a greater reward. | Ogden and Clarke (2005) Berkowitz and Daniels (1963) Tedeschi and Melburg (1984) Tedeschi and Melburg (1984). |
Table 9. Assertive and defensive -strategic impression management

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Definition and Explanation</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Attractiveness</td>
<td>Targets may acquiesce, comply, or even engage in anticipatory compliance so as to gain the approbation and positive affective orientation of an attractive other. Tedeschi (1974) proposed that people like to be liked because it enhances the effectiveness of positive forms of influence. Attraction is a complex power base. Not only may it act as referent power and serve to mediate immediate reinforcements because of successful ingratiation tactics, but on a longer-term basis there are many potential gains for the liked person. Furthermore, attraction enhances the imitation of a model and the perceived trustworthiness of a source of communication.</td>
<td>Tedeschi and Melburg (1984) Tedeschi (1974)</td>
</tr>
<tr>
<td>2. Prestige</td>
<td>Prestige, according to Tedeschi and Melburg (1984, P.45), involves control over resources. The understanding of prestige is based on both resources and the desire to use them; for example, “A source possessing great resources would have low prestige if the target attributed an unwillingness by the source to use them for purposes of influence”. Secrecy and deceit are modes of influence that may be more specific to the establishment of prestige than other source characteristics.</td>
<td>Tedeschi and Melburg (1984)</td>
</tr>
<tr>
<td>3. Esteem</td>
<td>To bolster the self-esteem of the target person, praise, approbation and flattery are the best tools. These kinds of positive evaluative communications have been shown to increase the target's liking for the source. The term ‘self-handicapping’ refers to an individual's attempt to reduce a threat to esteem by proactively seeking or creating inhibitory factors that interfere with performance. Thus, they are provided with a persuasive, causal explanation for potential failure.</td>
<td>Tedeschi and Melburg (1984) Giacalone and Rosenfeld (1989)</td>
</tr>
<tr>
<td>4. Credibility</td>
<td>One of the most important factors in the influence process is source credibility. Credibility refers to the source’s historical record for keeping promises, backing up threats, making true statements about the past and accurate predictions of the future. That is, credibility refers to the relationship between the source’s words and corresponding deeds and events.</td>
<td>Tedeschi and Melburg (1984)</td>
</tr>
</tbody>
</table>
4.6 Summary

This chapter has defined ‘theory’ as a framework of concepts that help to structure and communicate the observation and understandings of observed elements.

The first section identifies the conceptual developmental path of CSR theories, and offers a historical overview of the main concepts that have contributed to the theoretical construction of CSR from the mid-twentieth century onwards. The second section reviewed studies that use different theoretical perspectives in supporting CSR disclosure, such as legitimacy, stakeholder theory and institutional theory (Aerts et al., 2006; Arvidsson, 2010; Crane and Glozer, 2016). Legitimacy theory considers the expectations of society in general as encapsulated within a ‘social contract’. In particular, this theory has been used to examine CSR communication as part of the social accounting literature (Cormier, 2005; Cho et al., 2009; Du and Vieira, 2012). In contrast to legitimacy theory, stakeholder theory recognises that some groups within society are more powerful than others. In other words, the expectations of different stakeholder groups within society and their respective power affects corporate disclosure policies (Coupland, 2006). However, institutional theory is founded on the premise that the environment in which an organisation operates influences the structures it subsequently develops, including the implementation of CSR activities.

The final section highlighted the theoretical framework of this study. The range of possible behavioural strategies considered in the literature review is discussed in relation to CSR activities. The impression management literature is a good starting point, as it offers a variety of concepts relevant to company behaviour with regard to CSR. Assertive impression management occurs when a person actively tries to establish an identity to gain rewards, whereas defensive impression management is oriented towards protecting the individual’s identity or interest from challenge or threat. The various tactics and strategies which may be employed in impression management were then explained. The next chapter defines the research strategy and methods used to answer the research questions.
Chapter 5. Methodology

5.1 Introduction
Most theories on CSR and its development, which have been reviewed in Chapter 4, are based on developed economies. Therefore, there needs to be an alternative theoretical approach on whether and, if so, if these theories do not hold in the context of Saudi Arabia. With this in mind, the main objectives of this chapter are to examine the appropriate methodology to investigate CSR policy in Saudi Aramco company.

This chapter defines the research strategy and the methods used to respond to the research questions. It first presents business history as an academic discipline and highlights the recent methodological discussions in this field. This study was exploratory in nature and employed an inductive method to collect and critically analyse data. The researcher used the company’s internal and external documents as sources. The hermeneutic analysis revolved around identifying themes and patterns and it incorporated triangulation by using diverse sources. The purpose of these methods was to critically analyse past events and thereby offer a historical narrative for Aramco, explained with 20th century policy examples.

The structure of this chapter is as follows: Section 5.2 introduces the business history field; Section 5.3 presents the case study used in this thesis; Section 5.4 examines the data sources and the data collection method; Section 5.5 presents an overview of the data analysis methods; and Section 5.6 summarises and introduces the discussion chapter.

5.2 Business history research
Although this thesis is concerned with CSR and the impression management that Aramco applied in the 20th century, it is important to note that this thesis falls within the field of business history. “The Oxford Handbook of Business History provides a general overview of business history literature, including big business, family firms, technology and innovation, corporate governance, entrepreneurship, and the role of the state” (De Jone et al., 2015, p.5). Business history has recently been integrated into business schools and the broader social sciences, which have developed their research agendas to include questions of interest to an extensive variety of academics, policymakers and practitioners. More recently, business history has prompted what Clark and Rowlinson (2004) call a historical turn in organisational studies which may open up the discipline to a new area of philosophical and methodological strategies. As de Jong et al. (2015) indicate, we are seeing a ‘new business history’ develop that employs a variety of methodologies to reach generalisable outcomes. These viewpoints provide opportunity for more discussions (see, for example, Taylor et al., 2010; Toms and Wilson, 2010; Decker et al.,
Business history methodology has been the subject of recent debate. When looking at how to apply methodology to business history, it is valuable to consider the following theory by Friedman and Jones (2011, p 2): “Business historians should also use a wide range of methodological approaches, including those of other social sciences. In business history research, we do not see business history as a subsystem of history, but as a multidisciplinary field on its own”. De Jong et al. (2015) have studied this debate and argue that theory improved through business history studies must be backed with empirical evidence, and empirical observations should serve theory development. In other words, de Jong et al (2015) urge that, while business history currently builds theory, it rarely tests it.

Decker et al (2015) take a more critical stance and argue in favour of the hypothesis-testing method, stating that it is an essential methodological framework for some kinds of epistemic objects. However, this theory cannot work as a method for the entire field of business history. Furthermore, there is a need for multiple approaches to methods, and there is a call to address these methods more broadly regarding new business histories. In line with debates around business history and its methodological underpinning, Wilson and Toms (2011) examine the discipline in its own right by concentrating on primary source materials; they understand the field’s demand in other social sciences and point to the eclectic use of methodology and literature extending to other disciplines. They strongly encourage business historians to pursue a more ecletic method for theorising, in order to enhance their analysis and promote a shift of ideas and techniques. The social sciences should be built on interchange rather than a single philosophical approach. De Jong et al. (2015) and Decker et al. (2015) differ in terms of methodologies but agree that business history is essential to more broadly understanding business and management.

With these arguments in mind, de Jong et al (2015) define and describe this study’s approach as an “Exploratory Single Case Analysis”; they identify this method as the one most appropriate for building theory. They indicate that the researcher approaches the case study with an open perspective. This case study’s approach is extremely valuable to the scientific process, particularly in determining causality. This research does not build hypotheses, but it does define specific gaps and themes in knowledge, which are addressed in the case study analysis in Section 5.5. According to De Jone et al. (2015), the case study approach is significant because this kind of business history study demands an in-depth inquiry. Moreover, the range of issues in business history research permits a wide classification of firm activities and entrepreneurial practices. However, the authors suggest the use of a ‘feedback loop’, in which case study analysis creates feedback for further theory-building. This discussion of business
history discipline methodologies has recently emerged. However, this research uses an in-depth case study to widen its perspective and contribute to a more comprehensive understanding of the CSR agenda in the 20th century (Hansen, 2012).

5.3 Case study approach
The case study approach has been defined in a number of ways. Some sources, such as Bromley (1990), define the concept of case study methodology as an endeavour to systematically analyse an event or combination of correlating events in order to explain and describe these phenomena. Berg (2004, p.251), defines a case study as a “method involving systematically gathering enough information about a person, social setting, event, or group to permit the researcher to effectively understand how the subject operates or functions”. Yin (2014) points out that the case study approach is an important tool in understanding a real-life phenomenon in light of its context. In organisational research, the case study typically involves one or more institutions, groups or individuals working inside or around the organisation (Hartley, 2004).

Taken together, these various definitions and explanations suggest that the case study is capable of examining simple or complex phenomena, with units of analysis varying from single to large corporations or business events (Berg and Lune, 2012). There are several reasons why social science scholars believe that the case study approach is an appropriate strategy. First, the researcher can examine, explore and create general knowledge around the studied phenomenon, without employing a large-scale approach that consumes time and effort like a survey (Yin, 1994). Second, the case study focuses on answering ‘how’ and ‘why’ questions (Yin, 1994). Third, the case study approach is appropriate for researchers conducting an exploratory study that requires the examination of multiple issues such as CSR integration and firm entrepreneurship (Silverman, 2013; Yin, 1994). Fourth, a case study is valuable in cases where research aims to build theories (Eisenhardt, 1989). Fifth, it concentrates on deep and rich data collection (Eisenhardt, 1989; Miles and Huberman, 1994), which is particularly significant in exploratory research. Sixth, the case study method often interprets various sources of evidence (Saunders et al., 2007; Silverman, 2013; Yin, 1994). There are several appropriate designs for single and multiple case studies. In exploratory case studies, the fieldwork and data collection may begin before determining a research question (Berg, 2004). Explanatory case studies are useful when conducting causal studies and descriptive case studies, which demand a descriptive theory.

In business history, the case study is the most popular research method, especially among business historians who prefer science-based methods to historical analysis (see Jones et al., 2012; de Jong et al., 2015; Decker et al., 2015). For example, de Jong et al. (2015) support
the case study approach. Kipping et al. (2014) indicate that history is similar to case studies in terms of its research questions, such as how/why, but it focuses on the past rather than on present events.

This case study focused on Aramco (also known as Saudi Aramco), the largest crude oil and gas producer in the world. The data for this study covered 1932–1974, the period during which Aramco was owned and controlled by American oil companies. This case study is valuable for many reasons: Aramco is the world's largest crude oil and gas producer and arguably the world’s most valuable company. As mentioned in Chapter One, Saudi Aramco has played a significant role in the development and growth of Saudi Arabia’s economy, accounting for more than 85% of Saudi exports and over 90% of government revenue (Hertog, 2011). In emerging economies, development and CSR are closely interlinked (Ali & Al-Aali, 2012). Aramco has sought to present a positive image through its economic and social activities by building roads, power stations, schools, colleges and universities; expanding employment and social opportunities for women; and developing the skills of the Saudi workforce (McMurray, 2011). Furthermore, the reason for selecting these dates is that the first period, between 1932 and 1950, focuses on Aramco when it was owned and controlled by American oil companies, while the second period, between 1950 and 1974, examines how the United States transferred this power to the Saudi Government.

It is important to note that post-1950, Aramco ran multiple large programmes to develop Saudi workers and the Al-Hasa society as a whole. Aramco implemented various programmes for Saudi employees and their communities. For example, Aramco built schools, hospitals and houses; provided extensive educational and training schemes, such as industrial training programmes, scholarships for Saudi students, a Saudi development programme and industrial training shops; and provided health care and a home ownership programme.

Although there is a rich data set of publications around Aramco, particularly on the Aramco World website, the company does not publish financial statements and offers limited information on its reserves. Furthermore, the company does not allow public access to its internal corporate documents. As a consequence, the researcher had to depend on the information and sources publicly available in both English and Arabic. Some of these sources are available online, and are therefore easy to access. However, other materials are unique and rare, located in reading rooms and not available online. Within this context, the researcher had to ask university staff to copy these archives on his behalf. These sources included private manuscript collections, such as: the Harry Roscoe Snyder Papers and the Philip McConnell Papers held at the Hoover Institution Archives at Stanford University; the Karl Twitchell Papers and the William Eddy Papers held at the Seeley G. Mudd Manuscript Library at Princeton
University; the William E. Mulligan Papers and Joseph Mahon Papers held at the Special Collections at Georgetown University; and the George Rentz Papers held at the Special Collections and University Archives at Stanford University. The sources also included American government documents; corporate websites; Aramco publications such as ‘Aramco World’, ‘Aramco Handbook’, ‘Aramco Statistical Review’, and ‘Aramco Expats’, a two-volume history of Aramco entitled *Energy to the World: The Story of Saudi Aramco*; oral histories; British government documents; newspaper stories; and academic articles and books. As Dyer and Wilkins (1999, p.615) assert, a case study’s primary goal is “generally to provide a rich description of the social scene, to describe the context in which events occur” in order to explore the structure of social performance (Light, 1979). To understand the methods that helped to answer the research questions, Figure 5 illustrates this process. There are three major aspects that must be considered when conducting a case study: research questions, data collection methods and data analysis methods.

![Figure 5. The process of the single case study of Aramco](image)

As Figure 5 shown that this study uses a two-step process. The first step critically analyses the research question using primary source documents, including archival papers. This analysis was based on records of company policy from official, publicly available documents. These could be compared with policies stated in internal company documents (available in the archives), as well as with US and UK government reports and observations, and recollections of previous company employees. Research question two was analysed using the findings from RQ1 to seek and identify the strategic impression management techniques used in Aramco’s
policy.

5.4 Data sources and collection methods

Ellis (1993, p.2) has defined archival records as “documents made or received and accumulated by a person or organisation in the course of the conduct of affairs and preserved because of their continuing value”. Wadhwani and Decker (2017, p.117) have stated that “the selection of a source from an archive makes the source a piece of evidence which is then interpreted to establish historical facts”. Because “the methodological worries that mark sociology’s discussions of secondary analysis are very simple countered by the rejoinder that there is no alternative data available”, archival data is self-evidently valuable (Fielding, 2004, p.104). As is the case with all historical research, this study broadly relied on archival data to analyse the selected case. The archives included a wide range of documents created for multiple audiences by individuals, corporations and industries.

To examine Aramco, this study triangulated data utilising multiple sources from archival records. Because the events being studied are from over fifty years ago, it was challenging to confirm information from other sources, such as personal interviews with managers who had previously worked for Aramco. However, triangulation was possible for a vast quantity of data collected from a range of sources, as detailed in Table 7.

**Primary Sources:** these involved Aramco’s annual corporate reports (and those of the California Arabian Standard Oil Company) for the period 1938–1974, official correspondences, memoranda, minutes of meetings, primarily reports, manuscripts and printed materials.

**Secondary Sources:** these included oral and written statements by people not present at the time of the given event (Berg, 2004). These include textbooks (Aramco World, Aramco Handbook, Aramco Statistical Review, Aramco Expats, a two-volume history of the company entitled *Energy to the World: The Story of Saudi Aramco*), newspaper stories (*Business Week, The Economist, The Times*), journal articles and oral history. To sum up, this case study is important for its variety of sources of evidence and data, as variation is required to apply data triangulation (Yin, 1994).

5.4.1 Triangulation

The term ‘triangulation’ refers to methods in geometry, surveying activities, map-making and military practices. Its purpose is to discover an unknown point using known points and known distances (Kipping et al, 2014; Berg, 2004). Triangulation is a commonly used method of inquiry in social sciences (Berg & Lune, 2012; Denzin, 2010) and it is frequently used to cross-check, support and verify results.
Triangulation is often used because no single source can provide a comprehensive
description of the characters, activities and events associated with an empirical investigation.
Therefore, triangulation is employed to build a probable pattern of facts that may address the
research questions on the whole. Triangulation has historically been used to distinguish and
recognise different accounts of an event (Wadhwani & Decker, 2017). Scholars have suggested
that triangulation can be used along four ‘lines of action’: the use of various data (from diverse
sources); various investigators (with different researchers collecting and analysing data separately);
various theories (utilising different viewpoints for the same purpose of study); and
various methods (which involve mixing quantitative and qualitative methods and/or combining
 qualitative methods such as observation, interviews and text analysis) (Denzin, 1970, 1978;

In historical studies, data triangulation often requires the comparison of different kinds
of sources, such as internal records, for example confidential company archives, and external
documents published by the company to the public (Kipping et al., 2014). Indeed, data
triangulation is not a just a mixture of various sorts of data, but rather an effort to associate this
data in order to counter threats to validity (Berg, 2004) and produce “a confluence of evidence
that breeds credibility” (Eisner, 1991, p.110). Howell and Prevenier (2001, p.69) state the
following:

Typically, historians do not rely on just one source to study an event or a historical
process, but on many, and they construct their own interpretations about the past
by means of comparison among sources – by sifting information contained in
many sources, by listening to many voices.

As Kipping et al. (2014) have noted, historical triangulation values heterogeneous sources
because of their interpretive method and the need to avoid bias, regardless of the data source.
Fact depends on source criticism, ideally triangulated between various sources, archives and
records (Decker, 2017). Using multi-source triangulation, this thesis employs three types of
sources, namely (1) Aramco’s confidential archives, which provide insights into how Aramco
policies work; (2) documents addressed to the exterior, such as company publications, which
illustrate the kind of identity that it attempts to project; and (3) documents produced by critics,
such as the British government, newspapers and scholars, which illustrate how outsiders viewed
the company. In this case, the data triangulation of sources allows for the comparison of
different perspectives and it increases the validity of the findings.
Table 10. Summary of selected primary sources of data

<table>
<thead>
<tr>
<th>Type/Archive</th>
<th>Located in</th>
<th>Assistant researcher</th>
<th>Box/Folder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joseph Mahon Collection</td>
<td>Special Collections, Georgetown University</td>
<td>Dr. John Alan Arnold NICOM, Inc. 1316 Queen St., Suite 2000</td>
<td>Box 1 Folder 6-7-24</td>
</tr>
<tr>
<td>William Mulligan Collection</td>
<td>Special Collections, Georgetown University</td>
<td>Alexandria, VA 22314703/684-4636 <a href="mailto:info@nicom.com">info@nicom.com</a> All areas of General research at <a href="http://www.nicom.com">www.nicom.com</a></td>
<td>Box 1 Folder 4-50-51-52-53-66. Box 2 Folder 18-19-26 Box 3 Folder 5-9-41-42-43-44-45 Box 4 Folder 1-2-3-5-6-7-18 Box 5 Folder 7-8-9-10-14-15-24-r27-28-32 Box 7 Folder 2-9-22 Box 11 Folder 21-22 Box 12 Folder 31 Box 13 Folder 5</td>
</tr>
<tr>
<td>Harry Roscoe Snyder Papers</td>
<td>Hoover Institution Library and Archives, Stanford University</td>
<td>Krupa, Pawel F. 655 Farley Street Mountain View, CA 94043 650-575-0376 <a href="mailto:pfrupa@gmail.com">pfrupa@gmail.com</a> Fichmann, Jenny, Ph.D. 1947 Alameda de las Pulgas Redwood City, CA 94061 650-575-0693 <a href="mailto:jfichmann@yahoo.com">jfichmann@yahoo.com</a></td>
<td>Box 6 Folders 26-31 Box 17 Folders 1-7 Box 18 Folders 3-4-14 Box 19 Folders 2-12 Box 20 Folders 1-5-6-7-8-9 Box 21 Folders 5-18 Box 22 Folders 4-5-6 Box 32 Folders 1-2</td>
</tr>
<tr>
<td>Philip McConnell Papers</td>
<td>Hoover Institution Library and Archives, Stanford University</td>
<td>the Library12</td>
<td>Box 2 Folders 3-4-5</td>
</tr>
<tr>
<td>Karl S. Twitchell Papers</td>
<td>Seeley G. Mudd Manuscript Library, Princeton University</td>
<td>the Library12</td>
<td>Box 4, Folders 1 to 3 Box 7, Folders 5 to 8 Box 11, Folder 4 Box 29, Folder 8</td>
</tr>
<tr>
<td>William Eddy Papers</td>
<td>Seeley G. Mudd Manuscript Library, Princeton University</td>
<td>the Library12</td>
<td>Box 19</td>
</tr>
</tbody>
</table>

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11 The researcher hired an assistant researcher who help her to copy materials from the U.S.A. library.

12 staff of Seeley G. Mudd Manuscript Library, Princeton University
For further illustration, Table 10 demonstrates that the first stage of data collection involved a systematic review of the Aramco Archive documents available online, such as official Aramco documents and electronic resources, which allowed access to some of the archival documents at the British Library. However, some materials required access to the Aramco special collection at the United States libraries. To overcome this obstacle, the researcher contacted staff members of these libraries to access the collections online rather than in person. Some of these libraries provided copies of services for the researcher to order online, such as the Seeley G. Mudd Manuscript Library and the Princeton University Special Collections. Others recommended hiring a research assistant to visit library collection departments and to photograph/photocopy material on the researcher’s behalf. Each library provided the researcher with information about this process, including a list of potential research assistants. The researcher reviewed each library’s entire collection guide online to determine the boxes and folders that included Aramco CSR activities such as employment, housing and health. Then, the researcher contacted the research assistants to ask them to copy these materials. In the meantime, the researcher visited The National Archives, Kew, and the London and British library in London to obtain the materials unavailable online. The visit lasted three days, but significant preparation was done in advance, which improved the quality and the efficiency of the research when in the Archives.

<table>
<thead>
<tr>
<th>Aramco Documents</th>
<th>The National Archives, Kew, London</th>
<th>Visit(^{13})</th>
<th>Strike of Arab employees Strike of Saudi Arabian employees of Aramco, demanding equality of conditions with American employees</th>
</tr>
</thead>
</table>

\(^{13}\) The researcher visited the National Archives.
The reliability of historical analysis depends on multiple sources and triangulation methods in which primary and secondary sources are combined in the processes of hermeneutics and analysis (Kipping et al., 2014). Although both quantitative and qualitative organisational studies tend to separate the use of secondary literature when interpreting a theoretical study or analysing the interpretation of a study’s findings, historical interpretation studies tend to merge secondary sources in the analysis and interpretation (Ibid, 2014). By analysing the data, Berg and Lune (2012) state that the researcher should be able to return to the original literature review and compare the study’s findings with the commentaries on the study’s background.

The historical process of using mixed sources in the form of triangulation implies that, during the interpretation and analysis process, secondary literature can serve as a ‘data point’ in need of critical interpretation (Ibid, 2012: pp.316-317). Therefore, to further increase the reliability of this study’s findings, the researcher compared primary and secondary data sources with the existing literature (Kipping & Kirkpatrick, 2013). Table 11 offers a detailed summary of the various primary and secondary data sources based on analyses of employment, housing and health.

The researcher also needs to consider source criticism, which enables the researcher to recognise if any one source is incompetent or biased. Thus, this method helps the researcher to judge the degree to which the data should be trusted in addressing the research question (Kipping et al., 2014). According to Berg (2004, pp.239-240),

Primary source materials are subject to two kinds of evaluations or criticisms: First, you must determine whether a document or artefact is authentic, which is sometimes referred to as external criticism or validity. Second, you must determine the accuracy of meaning in materials, which is called internal criticism and is related to the document’s reliability.

External criticism (validity) requires the researcher to confirm the validity of sources by investigating the conditions surrounding production and preservation. It essential to study (1) the origin of a source, including the author and the time and location that was actually given; (2) its indicated public and target audience; and (3) the context in which it was recorded (Kipping et al., 2014). Internal criticism (reliability) includes evaluating a source’s trustworthiness or reliability in answering the researcher’s questions (Berg, 2004).

To strengthen the reliability and validity of the Aramco data, the researcher collected data from multiple sources to conduct data triangulation. For example, archive documents, company publications and secondary data were gathered on the collective strategies and general industry context. Information was collected from multiple archival sources. The copyright situation of archive materials is an essential legal and ethical consideration for archival
researchers. Qualitative research has special implications for data control or copyright (Parry & Mauthner, 2004). Copyright is a fundamental component of the archiving of any research materials because it grants rights of use and control of the dataset. In this study, the archival data was subject to a number of processes regarding its use and storage, which further ensured that it adhered to copyright policy. Members of the special collection of the archives at the libraries were informed about the study’s objects, and the researcher was granted permission to use the archival material (see Appendix B).

Table 11. Overview of different (primary and secondary) data sources used

<table>
<thead>
<tr>
<th>Aramco data Category</th>
<th>Data Type</th>
<th>Employment</th>
<th>Housing</th>
<th>Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Policy from Official Documents (Reports of Aramco’s Operations to the Saudi Arab Government)</td>
<td>Annual corporate reports for Aramco (and California Arabian Standard Oil Company) for the years from 1938 to 1974</td>
<td>Building schools, providing extensive educational and training schemes such as industrial training programmes, scholarships for Saudi students, Saudi development programme, industrial training shops, leadership, and Saudi strikes.</td>
<td>Camps, the provision of housing for the company’s employees, and home ownership programme</td>
<td>Building a hospital, health, medical programme, and malaria control programme</td>
</tr>
<tr>
<td>Internal Company Documents from Archives</td>
<td>Official correspondences, memoranda, minutes of meetings, primarily reports, manuscripts and printed materials</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Published Sources</td>
<td>Aramco World, Aramco Handbook, Aramco Statistical Review, Aramco Expats, a two-volume history of the company entitled Energy to the World: The Story of Saudi Aramco,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Historical Newspaper</td>
<td>Business Week, The Economist, The Times</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5.5 Data analysis methods

Once data was collected, it was categorised and analysed. This analysis was performed in response to the following research question:

5.5.1 What role did CSR play in Aramco’s strategy to strengthen its position in the Kingdom and to maintain control over Saudi oil assets?

To respond to the first research question, the researcher independently reviewed all documents (internal and external) for Aramco from 1932–1974 to identify statements that provided evidence of CSR. The researcher found three areas of particular interest: employment, housing and health. The researcher then compared the findings from internal and external documents to discuss Aramco’s practices in Saudi Arabia, which produced a clear picture of corporate control. This procedure requires a careful re-reading and review of archival data. The researcher then examined the selected data and developed coding and category construction based on its characteristics to reveal themes related to the case study. Furthermore, the researcher critically analysed the demands of Aramco Saudi workers in a 1953 announcement to Aramco's executive officers, focusing on the 'texts' in this statement as well as an accompanying declaration from Aramco officers and the Government of Saudi Arabia.

Historical researchers should typically not handle past data as “objectively accessible data” simply merged into analytical processes, but instead must consider them as sources to be “critically understood and interpreted within the context of their creation and storage” (Decker et al., 2015, p.32). The approach to explaining the context of a given subject, particularly the social and historical meaning of a written text, is known as hermeneutics (Bryman, 2008). Hermeneutics examines a written text or case study from the researcher’s perspective. Accordingly, Aramco in the 20th century cannot be interpreted and analysed from today’s perspective, but instead should be embedded in the period’s socio-economic context. Interpretation proceeds through the ‘hermeneutic circle’, in which the researcher moves between text and context to derive meaning (Wadhwani & Decker, 2017). Researchers read the texts in data many times in a hermeneutic circle to determine the parts and how the parts, in turn, offer a more complex picture of the whole, which then drives a greater knowledge of the parts (Wertz et al., 2011). According to Wadhwani and Decker (2017), hermeneutic theory occasionally posits that an interpreter today cannot entirely understand the meanings and perspectives that existed in the past because of how essentially different the situations of the researcher and the subjects are. In the process of attempting to understand a historical character or text, the interpreter may meet a common ‘extent’ which casts a spotlight back on the present. In this sense, hermeneutic interpretation is linked to triangulation (as well as the discourse
analytic concept of intertextuality), because the latter's emphasis on the use of numerous, diverse sources in research serves to build a larger framework for the study of any one primary source (Kipping et al, 2014). Figure 6 Analysis data by adopting Triangulation and hermeneutic circle method which reflected in line with the content of the research.

As illustrated in figure 6 above, this research applied Forster’s seven stages of hermeneutics (1994). The process began by understanding single states in their own right while taking rough notes and reading archival documents. The next stage of hermeneutics involves the researcher obtaining a fundamental understanding of the full form of data. This stage necessitates a “continuous back-and-forth process between the parts and the whole” (Ibid, 1994, p.150) while seeking themes within each record and within archival groups.

The third stage was an extension of the second stage; it triangulated data because of the large data size and because multiple records included several possibly developing themes. In the fourth stage, the researcher critically analysed company documents by comparing themes in Aramco’s policies relating to labour, housing and health in Saudi Arabia. These documents were viewed as examples of CSR policies adopted by Aramco as part of its contribution to the country’s economic and social development. In this stage, the process required checking the reliability and source validity before analysis. In the final stage, the researcher selected which
documents were to be sampled as the company record’s case materials. The hermeneutic spiral therefore produced a framework with which to understand company documents that explained “the process of developing an inductive understanding of clusters of company documents through to a deductive understanding of the whole” (Forster, 1994, p.153). For clarification and to answer RQ1, Table 12 presents an example of the analysis data process.
<table>
<thead>
<tr>
<th>Quotations: Company Policy from Official Documents (Reports of Aramco's operations to the Saudi Arab Government)</th>
<th>Quotations: Company Policy from Internal Company Documents (available in archives)</th>
<th>CSR Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>“An important phase of training in 1954 was aimed at developing Saudis for supervisory positions” (Aramco report 1954, p.42).</td>
<td>“The training programme was essentially aimed at meeting the company’s production target, including the replacement of Foreign Contract Employees with Saudi Arab Labour, and not that of producing social leadership or the upper levels of industrial management” (Harry Roscoe Snyder Papers, 1954, Aramco File: Training Department Robert King Hall Writings, p.13).</td>
<td>It is obvious that most Saudis were trained for lower positions to replace American staff. Few obtained high positions.</td>
</tr>
<tr>
<td>“There had been built at Dhahran Camp Housing for staff employees, offices, a hospital, mess hall, storehouse, commissary, garage and ships pf sufficient size to serve the small camp” (Aramco reports of 1938, 1939, p.13).</td>
<td>“Up to the moment we have an American community because we would not allow an Arab to live in it” (Harry Roscoe Snyder, 1949, Aramco file, Training Department Reports, p.39).</td>
<td>It is clear that Aramco treated its employees differently. Aramco established an enclave to protect the American community.</td>
</tr>
<tr>
<td>“The medical staff began a campaign to reduce the cause of malaria in the towns of Al-Khobar and Dammam” (Aramco report 1941, p.12).</td>
<td>“We thank our Dr. Daggy, of course, for the figures that we can show an actual direct cash pay-out to the Company as in the case of malaria. In other words, we have already been able to demonstrate that the direct cash saving in hospital costs for malaria treatment has been twice as great as the cost of the DDT spraying which has been applied” (Harry Roscoe Snyder, 1949, Aramco file, Training Department Reports, p.54-55).</td>
<td>It is obvious from the collected data that Aramco gained strategic benefits from the DDT spraying.</td>
</tr>
</tbody>
</table>
5.5.2. What role did impression management techniques play in underpinning company policy?

To respond to the second research question, the researcher used the findings obtained from RQ1 and analysed the narrative text that Aramco used in its reports to evaluate how this fitted with its impression management strategy.

The first step that the researcher took was to use DICTION software, which is a computer-assisted text analysis tool, to analyse the text in the 42 annual reports produced by Aramco between 1938 and 1974. The DICTION software contains 31 dictionaries that can be used to analyse text (Hart, 2000). There are five ‘master’ variables: certainty (language indicating resoluteness, inflexibility, completeness or authority); optimism (endorsement of a person, group, concept or event); activity (movement, change, implementation of ideas or avoiding inertia); realism (tangible, immediate, recognisable matters affecting people’s lives); and commonality (agreed values of a group and the rejection of idiosyncratic modes of engagement). The language of commonality aims to establish mutual understanding and relation with the target audience by emphasising common values in order to create a sense of society and commitment towards common goals (Patelli and Pedrini, 2015). There are also four calculated variables: insistence (use of repeated words; the insistence score is included in the formula for ‘certainty’); variety (preference for precise statements and avoidance of overstatement); embellishment (ratio of adjectives to verbs); and complexity (abstract and unclear) (see Table 13 for more information). This study is undertaken in the belief that an understanding of the way in which the Aramco disclosed information in its annual corporate reports depends upon a more detailed knowledge of how information was used by Aramco and how it was placed within the wider context of the company.
Table 13. Master variables are built by concatenating these 31 dictionary scores

<table>
<thead>
<tr>
<th>Master variable</th>
<th>Definition</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certainty</td>
<td>Language indicating resoluteness, inflexibility, completeness and a tendency to speak ex cathedra</td>
<td>([\text{Tenacity} + \text{Levelling} + \text{Collectives} + \text{Insistence}] - [\text{Numerical Terms} + \text{Ambivalence} + \text{Self-Reference} + \text{Variety}])</td>
</tr>
<tr>
<td>Optimism</td>
<td>Language endorsing some person, group, concept or event or highlighting their positive achievements</td>
<td>([\text{Praise} + \text{Satisfaction} + \text{Inspiration}] - [\text{Blame} + \text{Hardship} + \text{Denial}])</td>
</tr>
<tr>
<td>Activity</td>
<td>Language featuring movement, change, the implementation of ideas and the avoidance of inertia</td>
<td>([\text{Aggression} + \text{Accomplishment} + \text{Communication} + \text{Motion}] - [\text{Cognitive Terms} + \text{Passivity} + \text{Embellishment}])</td>
</tr>
<tr>
<td>Realism</td>
<td>Language describing tangible, immediate, recognisable matters that affect people’s everyday lives</td>
<td>([\text{Familiarity} + \text{Spatial Awareness} + \text{Temporal Awareness} + \text{Present Concern} + \text{Human Interest} + \text{Concreteness}] - [\text{Past Concern} + \text{Complexity}])</td>
</tr>
<tr>
<td>Commonality</td>
<td>Language highlighting the agreed-upon values of a group and rejecting idiosyncratic modes of engagement</td>
<td>([\text{Centrality} + \text{Cooperation} + \text{Rapport}] - [\text{Diversity} + \text{Exclusion} + \text{Liberation}])</td>
</tr>
</tbody>
</table>

Source: Hart (2013, p.5)

As this study excluded all non-English texts, the researcher used DICTION software to analyse the semantic features of the texts. DICTION has been utilised for evaluating semantics in a variety of social discourse areas such as politics and communication, strategic management research and business ethics research (see for example, Hart and Jarvis, 1997; Short and Palmer, 2008).

The second step was to analyse the impression management strategies that Aramco used to rationalise the impact of its operations on society. These strategies aim to influence stakeholders’ perceptions by applying impression management techniques that seek to legitimise practices that are unethical or have a negative impact on society. Talbot and Boiral (2015) identify six main impression management techniques that industrial emitters use to rationalise and legitimise their impacts on climate change: self-proclaimed excellence; promotion of a systemic view; denial and minimisation; denouncement of unfair treatment and deceptive appearances; economic and technological blackmail; and blaming others. Fooks et al. (2013) identify that British American Tobacco (BAT) used the following impression management: misrepresentation (denial) of evidence; defence of legality; claims of acting “for the good of the cause/for the greater good”; expression of right; protection of the weak;
assertion of rationality; and claiming that “the world has moved on”. Fooks et al. (2013, p.286) argued that they extended the work of Sykes and Matza:

[To] illustrate the important role impression management plays in defending core organizational goals, we not only highlight the political and ideological dimensions of CSR, but also illustrate two interesting characteristics of techniques of impression management … First, by demonstrating the way in which techniques are used at the corporate level … Our analysis points to the importance of conceptualising them as political tools and not simply cognitive devices. Second, our discussion also highlights the importance of power in facilitating actors’ ability to neutralise behaviour on a societal level”.

Impression management strategies applied to justify harmful behaviour are linked to impression management techniques (Chatzidakis et al., 2004). Boiral (2016, p.752) argues that “(t)he techniques of Impression Management are an impression management tactic used to rationalize, through socially acceptable arguments, the occurrence of unethical behaviour or negative impacts”. Similarity, Tedeschi and Melburg (1984) categorise impression management techniques as either assertive or defensive. Techniques of impression management as applied in this analysis are described in Table 14. Assertive techniques are where the purpose is to establish a particular identity and to build reputational characteristics that serve the long-run interests of the organisation (Ogden and Clarke, 2005). In the case of defensive impression management techniques, the purpose is to avoid negative or undesirable qualities being attributed, in order to retain a positive identity and reputation. According to Ogden and Clarke (2005, p.322), assertive impression management techniques include:

- ingratiation, which involves self-enhancing communications with the purpose of gaining the approbation of a particular audience; self-promotion, which involves convincing an audience about, for example, competence; exemplification, which consists of acting as a model or exemplar of some morally virtuous or principled conduct; entitlements, which involve claims of responsibility and attempts to get credit for positive events; and enhancements, which involve claims that events or actions have more positive value or are of greater benefit than other people might think. Defensive impression management techniques include dissociation, by which an organization seeks to distance itself from an event which is undesirable or has negative implications; apologies, which involve acceptance of responsibility for a negative event and is usually accompanied by a promise to behave more appropriately in the future; excuses, whereby an organization seeks to avoid or deny responsibility for an event; justifications, whereby an organization accepts responsibility for the consequences of an event but does not accept any negative implications that may be attributed to them, or that any harm done is outweighed by positive consequences; and restitution and compensatory actions.
In line with the inductive approach, the relevance of the concepts related to impression management and impression management techniques emerged from the data analysis. The researcher extracted impression management strategies, such as those embedded in CSR in Aramco’s policy in terms of employment, housing and health. The analysis employed Tedeschi and Melburg’s concept of impression management techniques, which pointed to the importance of conceptualising these techniques as political tools. In the following chapter the researcher identifies the impression management techniques that Aramco adopted to defend company policies.

5.6 Summary

This chapter has described the research and analysis methodology and it listed the types of sources employed in this study. The introduction outlined the chapters and noted how the research revolved around identifying patterns and themes and provided triangulation between the different sources.

The following section indicated that this study focuses on the business history field, which utilises the single case study method to achieve its goals. This section addressed recent
discussions about business history methodology, and explored issues concerned with applying broad methods to analyse the findings.

The following section described a single case study: Aramco in the 20th century. Case studies are widely used in social science organisational studies, and their strengths lie in their capacity to explore contextualised social processes (Hartley, 1994). This section summarised an extensive range of archival material to construct an in-depth case study of Aramco. A historical case study is a method that can help to gain such an understanding.

The final section dealt with the research approach and showed the range, locations and quantities of sources accessed during the research. Tables displayed the data in an accessible format. The researcher then examined the sources’ analytical methods in detail, discussing each category based on the research question.

The following chapter discusses the empirical data presented in the methodology chapter by examining and comparing company narratives with those of critical observers. By discussing corporate control, CSR and impression management, the chapter provides a wider understanding of the methods that Western companies use to control developing countries’ resources.
Chapter 6. Workforce of Aramco Company and Saudization

6.1 Introduction
This chapter aims to discuss the employee relations and Saudization process within Aramco. It will examine evidence of the impression management strategy in the company through social, economic and political domination, and through the practices of discrimination and inequality in favour of Americans.

The theoretical framework is tested in this section. In order to gain an understanding of the role of the impression management strategy, this strategy is investigated in terms of CSR activities with Saudi employees and in terms of textual analysis with DICTION software. Since Article 23 of the concession outlines the Saudi Government’s desire to employ Saudi workers, Aramco’s actions demonstrate a negative attitude towards Saudi employees. This is considered to be extremely autocratic by the Saudi employees as the company was able to employ who they liked such as Americans and run the company as it wished without attention of local people. The result was strikes among the Aramco employees. In defence of Aramco’s position, Aramco heavily engaged in CSR activities, using the impression management strategy.

The layout of this chapter is as follows. Section 6.2 presents the concept of Saudization, including a presentation of the negotiations involving both the Saudi Government and the Aramco authorities as result of employee unrest. This helps to set the scene for the subsequent analysis. In section 6.3, the archival historical evidence is reviewed with reference to Aramco’s policy, which reveals the attitudes of the company and its interactions with Saudis. This section presents the mechanisms of corporate control through a narrative analysis of Aramco reports between 1938 and 1974 in order to understand the company’s policies and the motives behind its employment and social policy. DICTION software is used to examine the language of the Aramco reports to determine the presence of the impression management strategy. Section 6.4 presents a big picture of impression management by combining the results from the above sections. Section 6.5 Review of historical evidence and finally, section 6.6 summarises the chapter.

6.2 Saudization
Saudization refers to the replacement of the expatriate labour force with a trained and qualified local labour force in a planned manner that will ensure the continuity of work (Al-dosary and Rahman, 2005). The Kingdom of Saudi Arabia suffered from an over-inflated expatriate workforce in the country, which prevented young Saudis from securing jobs. The Government
of Saudi Arabia has taken different measures to battle unemployment. The Saudization (localisation) programme is the most prominent governmental policy for reducing the level of unemployment, and it aims to do so by replacing foreign workers with Saudis (Al-dosary and Rahman, 2005). As a result, the government called for Saudization in the Development Plans of the Kingdom.

As mentioned earlier in Chapter Two, with the 1933 concession, the government set new employment rules which specified that Saudi Arabian nationals should be recruited as far as was practicable. Within this context, the Saudization definition first appeared in Aramco when the company decided to educate and train Saudi workers to replace foreign contracts and to respond to the government concession. Over a long period, Aramco launched many programmes with the aim of developing Saudi levels in jobs and education. Aramco’s approach was an early version of what was later called “Saudization”, training Saudis to assume increasingly higher-ranking positions in the company.

The decades between 1933 and 1980 can be subdivided into four distinct periods on the basis of the development in the level of Aramco’s employment of Saudis. These four periods are:

**First Period 1933–1939:** Aramco brought in huge numbers of foreign workers as a result of the lack of Saudi workers at that time and the heavy operations of Aramco in the Al-Hasa region. It is worth noting that the Saudi Government was reluctant to allow large numbers of British Indians into the country and after 1937, the Saudi Government expressly prohibited the entry of Jews and Hindus (Seccombe & Lawless, 1986).

**Second Period 1940–1945:** As a consequence of the war, it was a huge challenge to supply basic materials. Therefore, the exploration and drilling operations in the Kingdom were gradually reduced and operations on a new refinery were suspended. Aramco decided to diminish its workforce, especially Americans; in order to protect them, the families and non-essential personnel were sent home. According to Seccombe and Lawless (1987), the total number of Americans employed in the Kingdom dropped from 371 to 87 in 1942. Evidently, the figures for the workforce in the oil companies were exaggeration by the recording of foreign employees, particularly from other parts of the Gulf, as nationals. For example, “in Al-Hasa, Saudi nationality certificates, which were a pre-requisite to obtaining direct employment with the company, could be purchased from the local police for only SR 3.00” (Seccombe & Lawless, 1987, p.19). As a result, the Aramco labour list showed no employment of non-Saudi Gulf Arabs, despite considerable anecdotal evidence to the contrary.

**Third Period 1945–1950:** In 1949, the Saudi Government desired that the Aramco company should employ at least one thousand Palestinian refugees. Furthermore, the King
advised that the company should use this opportunity to minimise its Italian workforce, which was continuing to strike for improved conditions. As a response, the company sent three officials to open a recruiting office in Beirut for Palestinians.

**Fourth Period 1950–1955:** after a 50/50 partnership was established between the American oil company and the Saudi Government, Aramco launched many projects based on the requirements of the agreement. Reflecting the King’s original vision, Aramco and the Saudi Government started to explore ways in which the government could benefit from the country’s expanding oil industry and improve the society of the Kingdom. Within this context, the company launched a project to provide additional educational opportunities for Saudis and training for their Saudi employees.

Clearly, Aramco's long-range goal was not to help the government to train Saudis to be able to take over and run Aramco. For example, Kelleher, chairman of the Aramco Board of Directors (1984, pp.44-72), mentioned that:

Saudization has rightfully caused concern among some of our expatriate employees, who might look at this as depriving them of prospects for career advancement at Aramco. But our projections to the year 2000 tell us that a percentage of the divisional managerial and executive jobs at Aramco will require expatriate manpower for some time to come. Aramco have to keep in mind that it takes time to develop experienced employees who understand how a large corporation functions. So there will be career opportunities for highly qualified expatriate professionals for a long time to come.

### 6.2.1 Demonstrations of Aramco workers
Aramco’s treatment of its Saudi workforce contributed to labour unrest and strike action. There was a strike by Arab drillers in Dhahran in 1945 over unequal pay compared to American and other foreign workers. There was also a series of strikes between 1945 and 1949 by Arab, Pakistani, Italian and Indian workers over employment conditions and discriminatory policies. Aramco, in response, produced “a mass of denials and exculpatory materials and a minimum of reforms, implementation of which, unlike the ratcheting up of production to record levels, moved at a snail’s pace” (Vitalis, 2007, p.104). One of the concessions was the “institution of pay for the seventh day or non-work day and a system of automatic wage increases for certain groups of employees” (William Mulligan Paper, 1945, p.20).

Strikes continued into the 1950s over the unfair treatment of employees. Saudi workers claimed that Aramco had not done what it should to help the industrialisation of the country, especially the Eastern Province, and that “Aramco imposed inhuman activities on Saudis in the matter of work” (The National Archives, 1953, p.1). Clearly, the strike in October 1953 was due to the company’s unwillingness to “provide exact equality of treatment with the
As Aramco reports in its first published volume of the company’s story, “The strike resulted in a near-total work stoppage among the Saudi labourers for several days” (McMurray, 2011, p.159). Nearly 13,000 of 15,000 Saudi Arabian employees were involved in this strike (The Economist, 1953). Despite the strikes having a serious impact on production, Aramco did not immediately implement the workers’ requests but gave in gradually when more strikes occurred.

The immediate cause of the strike was an act by the Saudi Government that forbade oil workers in Al-Hasa to form unions. This resulted in the arrest of around 100 of the ringleaders (The Economist, 1953). The largest strikes occurred in 1953 and 1956 and were jointly organised by Saudis and Arab expatriates. In response to the strikes, Aramco reported: “It has subsequently been agreed that the company would grant wage increases ranging from 12 to 20 per cent to all Saudi employees, effective January 1, 1954” (William Mulligan Paper, 1953, p.3).

In 1953, a labour committee of seven Saudis who had been sent abroad to study in the US and Beirut demanded better conditions for Saudi workers. The committee presented petitions to both Aramco and the Saudi Government and demanded to be recognised as the legitimate representative of the Aramco workers, a demand that would have amounted to effective unionisation of the Saudi workforce (Matthiesen, 2014). Representatives of Aramco’s Saudi employees put to the company a long list of demands (a copy of the demands is provided in Appendix C), the general tenor of which was a request for the same conditions of pay, living and employment as enjoyed by the American employees. They agreed to give the company five weeks to consider them and the cause of the strike is reported to be the company’s failure to reply within that time.

According to Al-Rasheed (2010, p.94), he conducted an interview with a Saudi worker who was a rank-and-file participant in the strikes of 1953. Such evidence is exceptional and worth quoting in full:

During the second war we almost starved in Qasim. Members of my family were poor peasants who looked after the palm groves of a wealthy local. We had already heard from people that nasranis [Christians] were offering jobs in Hasa for cash. My father decided that I should go and try my luck. I travelled with a Bedouin caravan to "American Camp" and was offered a job to carry goods and material. I did all sorts of jobs. For the first time in my life I found myself with other tribesmen from `Utayba, Shammar and Qahtan, each had their stories and dialect. We worked together. I met people from Asir and other parts of Najd. It was amazing. The food was awful. But the Najdis would not say anything. They were shy; they would not complain. They would not ask for more money or food. They just left the Indians to eat there. Later in the 1950s they began to demand things from Aramco. When al-lajna al-ummaliyya [the Workers’ Committee] told us to ask for more cash and better food, we did not respond. People are not beggars but when they told us to ask...
for political rights, we all responded and joined the strikes in 1953. I sent money to my family. All I wanted to buy for myself was a radio. I wanted to hear about what was going on in Palestine and Egypt. Palestinian workers told us about their problems. We listened to the news together.

The most striking part of this testimony is the way that demands related to money and food were framed as begging, whereas the demand for political rights was not. The Saudi Government, in close cooperation with Aramco, deported strike leaders and many foreign workers involved in the protests (Matthiesen, 2014). At the same time, secret despatches of the Foreign Relations of the United States (1952–1954, p.748) revealed that “the new King Saud and Prince Faisal were incensed by the attitude of Aramco during the strike and resented what they considered to be Aramco’s policy of keeping Saudi Arabs from obtaining responsible positions in the company”.

Likewise, a Foreign Office telegram from 19 November (1952–1954, p.748) reported that the “Saudi Arabian Government was irritated by a report that Aramco had indicated to the press that the Dhafran strike had been directed against the government, rather than the Company”. The American Embassy was concerned that the ill will caused by Aramco’s press statements would adversely affect its relations with the Saudi Government (Foreign Relations of the United States, No. 317, 1952–1954). Meanwhile, in a strictly confidential correspondence, Robert King Hall (1954, p.9) suggested that “this strike was significant because it clearly demonstrated that the American senior staff must be maintained at a strength adequate to operate the essential installations under emergency conditions” (Harry Roscoe Snyder Papers, 1954, p.9). The Aramco strike is often described as a spontaneous protest by Saudi workers, who were forbidden by law from organising to contest unsatisfactory pay and amenities.

As a consequence of these strikes and following meetings with the Royal Commission, set up to discuss with the company the recent strike of Arab workers, the Saudi Arabian Government announced the following to company employees (The National Archives, 1954, p.1):

a. increases in wages from 12 to 20 per cent;

b. holidays similar to those given to foreign employees from countries “East of the Atlantic”;

c. transport facilities for holidays "if this procedure is followed by any other oil companies similar to Aramco in adjacent areas or in the United States”;

d. increased medical and educational facilities;
e. easier attainment of supervisory posts and promotion to Saudis (other things being equal);

f. improved housing loans and accommodation;

g. establishment of a permanent committee in Dhahran to receive the employees’ complaints and oversee improvements in their conditions.

Despite the announcement of the Saudi Government, Aramco representatives assured, in strictly confidential correspondence, that “many of the items were, in fact, current company practice. The inclusion of these was presumably simply aimed at making the announcement more momentous. Its timing and wording gave the desired impression that it was the personal intervention of the King during his current tour of the area that had achieved all this” (The National Archives, 1954. p.1).

6.3 Mechanisms of corporate control: Narrative analysis

In this section, the theoretical framework developed above is tested. Social responsibility and social control are also linked to policy pronouncements through various media, the private views of company officials and a textual analysis of the reports made by Aramco.

Aramco has invested in the productive capacity of its infrastructure as well as in the capacity of its employees, which is considered to be a vital factor in retaining its concessionary rights. Aramco did not invent the concept of enlightened self-presentation but it clearly recognised that providing education and health services for its workforce made it more productive and improved the company’s image (McMurray, 2011).

In 1938, the United States produced 60% of the world’s oil and Saudi Arabia only a miniscule amount (Anderson, 1981, p.19). Prior to the Second World War, Saudi oil was, therefore, not a strategic concern to the United States (Anderson, 1981, p.33). During the war years this perspective changed as American policymakers raised concerns about depleting domestic oil reserves, which would cause the United States to become a net importer of oil. The United States would require access to foreign crude reserves in both peace and war times (Pustelnik & Lucic, 2009, p.37).

As the United States shifted from a net exporter to a net importer of oil, Aramco’s access to the vast oil reserves through its concession in Saudi Arabia became strategically important. An embassy was established in the Kingdom in March 1949 (Pustelnick & Lucic, 2009, p.16). From 1938 to 1950, the United States’ domestic consumption of crude petroleum and products doubled and net exports as a percentage of consumption slumped from 12.3% to minus 8.4% (Anderson, 1981, p.38). The United States was keen to promote political and economic stability
in the Middle East and to “encourage Aramco to pursue progressive and enlightened policies in connection with wages, housing for Arab employees, training and education, and to shift responsibilities to Saudi Arabians as fully and rapidly as possible” (US Department of State, 5 February 1951). Quite clearly, Aramco and its ally, the United States, understood that the company would still be an American company, even if the employees were Saudi. Perhaps not surprisingly, even with the participation of the Saudi Government, it was clear in the confidential correspondence that it was anticipated that corporate arrangements between Aramco and its oil company shareholders would be modified over time to the point that the interests of these shareholders would be represented outside Aramco and not by Aramco employees, as in the past. This removes one of the main reasons for the previous insistence that a “hard-core” of American management should be retained in Aramco. There appeared to be no reason why all Aramco managerial and professional jobs under this new arrangement should not be filled by Saudi Arabs as they acquired the requisite technical and administrative competence (Joseph Mahon Papers, 1972). The extensive and wide-ranging propaganda machine that Aramco sponsored to grow its name moulded the company’s image as an American economic interest operating outside the US which contributed to the progress and development of the society in which it operated. Numerous books and articles were written in this spirit (Yizraeli, 2012).

In the following sections we examine to what extent these “progressive and enlightened policies” were implemented by Aramco.

6.3.1. Employment

The view of some observers in the 1950s was that Aramco was an enlightened employer that was contributing to the development of Saudi Arabia. A State Department document (16 November, 1951) refers to the “benevolent operations of Aramco”. However, an earlier article in Business Week (1 April 1950, p.58) stated that Aramco was dealing with “untrained and illiterate workers” and also inadvertently alluded to the racist “Jim Crow” practices of the company: “Aramco has stressed to its Americans that Arabs are partners in work – not slaves. The Arab may be dirty and illiterate, but he is proud of his land and his heritage”. It is noteworthy that Article 23 of the 1933 concession agreement gave Aramco considerable scope on the implementation of its employment policies:

The enterprise under this contract shall be directed and supervised by Americans who shall employ Saudi Arabia nationals as far as practicable, and in so far as the Company can find suitable Saudi Arab employees it will not employ other nationals. In respect of the treatment of workers, the Company shall abide by the existing laws
of the country applicable generally to workers of any other industrial enterprise (p.14).

In response to Article 23, Aramco invested in various education and training programmes for Saudi employees from 1940 to 1960, for example building schools, providing industrial training programmes, scholarships for Saudi students, the Saudi Development Programme and industrial training shops. Between 1940 and 1945, Aramco initiated a separate attempt to establish a modern education system aimed at solving the problem of the language barrier between its staff and the local workers. The company began by setting up education classes for its local workers in the eastern region, later establishing vocational education and on-the-job training. In 1943, under pressure from the government to include workers’ children in its education system, the company established the Jubail (Jabal) Primary School\textsuperscript{14} in Dhahran (Yizraeli, 2012). This school was shut down by company after it struggled with religious leaders about the curriculum.

The Company Report of 1943 indicated that “122 employees were given special training in shops, operating plants, and various departments” (William Mulligan Paper, 1943, p.7). In 1947, the company established a five-year training programme. However, the education and training of Saudi employees was not well planned; an Aramco representative stated that “Training will go on, efficiently or inefficiently, depending on the degree of interest of individual Americans” (Harry Roscoe Snyder Papers, 1951, p.1).

As self-promotion has the tactical goal of gaining some immediate objective, Aramco reports from the 1950s through to the 1970s emphasised that the satisfaction of Saudis was key to maintaining their control of the oil assets (Tedeschi & Melburg, 1984).

The company reported: “Saudi employees are trained for greater skill and proficiency in their jobs and for advancement to positions of increased responsibility” (William Mulligan Paper, 1951, p.23). The training and education of Saudi labourers was implemented partly to maintain good relations with the Saudi Government and partly because bringing in American workers was expensive (Shwadran, 1959). However, according to a confidential report on Aramco’s Education and Training Programme in 1952, Robert King Hall, the Director of Training at Aramco, wrote that Saudi workers “are trained in only a limited number of skills necessary to their employment in a certain job in the present organisation of the company” (Harry Roscoe Snyder Papers, 1952, p.5). In 1953, there were 4,875 Saudi employees in training out of a total Saudi workforce of 13,555 people (Shwadran, 1959). Similarly, as Snyder,

\textsuperscript{14}The Jabal School (renamed the Arab Preparatory School in 1946, and the Arab Trade Preparatory School in 1947)
Director of Training, stated “Many people have said that all you're attempting to do then is to develop an industrial slave, and that is exactly the kind of thing that we're endeavouring to do on this low level from 1 to 4, is to develop the industrial slave who knows how to do just same one Job” (Harry Roscoe Snyder Papers, 1950, p.22). It can be clearly seen that Aramco was training Saudi workers as artisans with minimum skills and “the training program is a program designed to train craftsmen – not journeymen in the American sense” (Harry Roscoe Snyder Papers, 1952, p 5). In a similar vein, Aramco admitted that there were differences in the crafts; in the lower crafts such as derrick-man, rig-builder, oil operator, baker or driver, 80% to 100% were Saudis and in the upper crafts such as blacksmith, sheet metal worker, floorman or roofer, Saudis accounted for only 20% to 30% of the employees. Aramco therefore planned to train Saudis to those higher levels (Harry Roscoe Snyder Papers, 1950, p 7).

Senior Aramco managers were aware of the importance of presenting a positive image and they sought a degree of goodwill by promoting the training programmes of the company both within and outside of Saudi Arabia. Management recognised the importance of maintaining good relations with the Saudi Government: “The company should implement vigorously the excellent policy of public relations which has now been approved by management. This should be closely linked with a systematic monitoring of subversive and critical propaganda” (Harry Roscoe Snyder Papers, 1954, p.45).

Furthermore, the company representative stated that “From a public relations point of view this is a most opportune time to promote a programme of vocational education for Saudi Arabian industry. The proposed Institute has almost limitless goodwill potentials in the Company’s relations with the people and Government of Saudi Arabia” (Harry Roscoe Snyder Papers, 1954-1955, p.1).

Evidently, private correspondence relating to this period confirmed that “the Training program was essentially aimed at meeting the Company’s production target, including the replacement of Foreign Contract Employees with Saudi Arab Labour, and not that of producing social leadership or the upper levels of industrial management” (Harry Roscoe Snyder Papers, 1954, p.13).

In defence of their position during the workforce unrest, Aramco denied responsibility for the strikes. For example, Robert King Hall, the Director of Training at Aramco, made it clear in his confidential correspondence that “The strikers were angry at the Government – so they struck at the Company” (Harry Roscoe Snyder Papers, 1954, p.9). In a similar vein, “The Strike of the fall of 1953 was largely un-organized, and was probably a demonstration against social conditions and the Government more than it was against the Company” (Harry Roscoe Snyder Papers, 1954, p.6).
As a consequence, Aramco refused to hire Arabs for senior positions based on the company’s racialised view of educational competence (Vitalis, 2007). Aramco reported that “the major purpose of the Saudi Development Program is to identify at an early stage technical aptitudes and leadership abilities that might qualify the employee for higher positions” (William Mulligan Paper, 1957, p.33). Few Saudis obtained high positions. In 1953, Saudis constituted 60% of the total staff and Americans 18%. Out of a total workforce of 22,345 in 1953, only 11 Saudis held senior staff positions, 731 held intermediate positions, and 12,813 held general positions (Shwadran, 1959). At the beginning of 1972, about 88% of the people in management jobs were American and about 12% were Saudi (Joseph Mahon Papers, 1972, p.2). The company tried to find several excuses for not promoting Saudis to high positions. A confidential memorandum on the development of Saudi employees for higher-level positions indicated that

The fundamental problems of developing Saudi employees for higher-level positions are the limited availability of personnel with potential for growth. The restricted size of the workforce, together with the relatively small population of the country, imposes a predictable limitation upon the amount of potential talent which is available. Furthermore, the enormous gap between the training and experience the new employees have and that which they need to do company work. In the development of this potentially available talent, the Company is faced with the severe limitations which exist in educational opportunities available to residents of Saudi Arabia; the almost total lack of collateral industrial experience; the increasing technical complexity of the company's operation, which imposes constantly increasing demands on the competencies of employees; with the growing urgency to fill certain higher-level positions with Saudi Arab employees for various related reasons (Harry Roscoe Snyder Papers, 1959, p3).

In a nutshell, among their excuses, Nelson, coordinator of the labour relations division of Aramco, affirmed in his correspondence to Shaik Abdullah, that:

Shaika 'Abdulla, we have received your letter regarding the allocation that it is Aramco policy not to accord its Saudi employees the proper respect. The letter referred to a charge that various subtle means are employed by the company to degrade its Saudi work force. We want to emphasise, Shaikh 'Abdullah, with all the emphasis at our command, that such accusations are baseless and not worth even casual consideration. The company assures your 'excellency that absolutely nowhere in Aramco is there any 'degrading' of Saudis but, on the positive side, the management has taken every measure to ensure that our Saudis feel in every sense full members of the team. The industrial advancement of Saudis is the primary concern of our Americans, each one of whom not only has due regard for his Saudi follow employees but goes out of his way to avoid any possible insinuation of belittlement (Harry Roscoe Snyder Papers, 1959, p.4).

In the interim, the company claimed that the impatience shown by some employees and some members of the government over their "failure" to have more Saudis in "high level" positions was a result of a lack of understanding of the processes by which this happens in any industrial society. Lebkicher, Director of Training, stated that:
Getting into high level positions is the result of successful performance in a series of lower level positions. People in really high level industrial positions ordinarily have a background of successful industrial experience extending over a span of more years than we have been operating in this country, and this is usually built upon sixteen years or more of education. Nevertheless, the misunderstanding, along with the pressures we can anticipate to promote Saudis faster than they can develop sound qualifications, is one of the realities of our problem (Harry Roscoe Snyder Papers, 1956, p.10).

The company presented itself as progressive and emphasised that it had set up training programmes for women and sought to recruit women to professional positions (McMurray, 2011). For example, according to Vidal, Acting Coordinator of the Arabian Affairs Division:

In conclusion, we believe that at present – and particularly while the so-called unemployment persists – Aramco is not likely to be criticised for not hiring a large number of Saudi women. The opposite could well be true. Each case of an individual Saudi woman applicant should be considered on its own merits, and we should wait for a general pattern to develop, without, at this time, trying to set down detailed policies and regulations. A positive step which the company could indeed take now would be to intensify efforts to hire other Arab women who would become examples to the Saudi women, and who would contribute to their emancipation by liberalising the climate of opinion with regard to the employment of women (William Mulligan paper, 1961, p.3).

However, surprisingly, company policy required women to resign when they got married (William E. Mulligan Paper, 1972). Moreover, a confidential correspondence discussed the difficulties in hiring Saudi Arab women and keeping them on the workforce (William E. Mulligan Paper, 1961). The justifications for these problems, as stated in the letter, are outlined below:

- Saudi men in general still hold that their women should be “educated, but not too much so”. It is therefore unlikely that many Saudi women will in the near future attain the level of education that Aramco would require of them.
- The arrangement and timing of a marriage are the sole rights of a girl's guardian, which would make single Saudi women a highly unstable element in the labour force.
- Single Saudi women cannot live alone without a guardian. If Aramco plans to employ Saudi Arab women, particularly those who might live in a company camp, it must either accept these responsibilities or secure a firm agreement with the girl's guardian that the company will be released from such responsibilities.

6.3.2 Housing
Aramco engaged in ‘self-promotion’ from the 1940s through to the 1970s to emphasise that it was meeting employees’ housing needs. For example, the Aramco report of 1964 stated that
'interest-free loans made during the year totalled $4,950,000’ (William Mulligan Paper, 1964, p.19), whilst a later report emphasised that “seventy-three percent of the company’s Saudi employees have participated in the home ownership program at year-end” (William Mulligan Paper, 1972, p.9).

Western-style towns with air-conditioned bungalows, electric lighting and swimming pools were established in Eastern Saudi Arabia to meet the requirements of white American and European employees. American workers could live with their families inside the American camps. Aramco established an enclave to protect the American community (Dhahran compound) from religious restrictions (Brown, 1999). For example, the staff in the American camp could drink American liquor, although Ibn Saud, a strict and puritanical Muslim, refused to let the company import liquor. Gradually, Aramco got its way. It had its own disciplinary procedures if an employee was found drunk outside the compound (Business Week, 1950).

According to Vitalis (2007, p.119), “[the] American Camp’s racial geography was identical to that of every other oil installation Americans had built in three continents across a hundred years in places under widely different forms of rule”. Saudis were excluded from the housing, swimming pools and other facilities in the American camp located in the Dhahran area. Internal company documents confirmed this policy: “up to the moment we have an American community because we would not allow an Arab to live in it” (Harry Roscoe Snyder Papers, 1949, p.39). Arab families were discouraged from settling permanently in Dhahran where Americans and their families lived (Vitalis, 2007). American types of houses were “available on the basis of first choice to optimum Americans however, any other employee of the company regardless of race, creed or colour would be welcome in any such American type house, providing it was not required by one of the optimum group and provided he would be willing to pay the rent” (Harry Roscoe Snyder Papers, 1949, p.49).

Arab workers were confined to ‘native camps’ and separated from their families, who were not allowed to live with the men. In fact, Arab and Indian workers were residing in ‘barastis’, which were floorless huts thatched with palm leaves, whilst American workers moved into permanent, air-conditioned housing (Vitalis, 2007, p.56).

Aramco sought to justify its racist, segregation policies in its internal company document through defensive impression management techniques such as ‘justifications’. Floyd Ohliger, Vice President in Charge of Government Liaison in Arabia, stated: “There is one difference though, you may have an American community here and a Shia community there and a Sunni over in the other place but that is because the Shia does not want to live with a Sunni” (Harry Roscoe Snyder Papers, 1949, p.38). Furthermore, Mr. A. Hill, a member of the Personnel Planning Committee, pointed out that “we will be courting trouble if we mix in a community
that which is unmixable” (Harry Roscoe Snyder Papers, 1949, pp.29-30). In a similar vein, Aramco restricted certain desirable services (such as rental of air-conditioned homes, purchase of certain imported stores, use of company script, and even the use of certain toilet facilities) to senior staff. They justified their behaviour by stating that “The reason is primarily educational – there does not yet exist in Saudi Arabia any considerable number of persons who are sufficiently trained to carry out the duties of senior staff member and there are not enough of the desirable facilities to permit making them available to everyone regardless of his position in the Company” (Robert Hall writing, 1952, p.3).

A senior manager later raised concerns about this policy in an internal document: “The different kinds of Aramco housing requirements were tending to segregate employees on the basis of nationality, which is not consistent with the actual composition of the employee organisation in an industrial enterprise of this character” (Philip McConnell Papers, 1957, p.37).

In 1951, Aramco launched its home ownership programme, which offered interest-free loans to enable thousands of Saudi employees to acquire their own homes and develop new communities with roads and utilities (McMurray, 2011). According to The Economist (1955), “(t)he schemes which seem to kill most birds with one stone are those for home ownership now being encouraged by Aramco” (p.11). The Saudi employees were helped to meet the cost by means of a low-interest loan repaid out of savings and wages. This was considered a cheaper alternative to providing welfare housing for all workers. Providing free housing to all workers of comparable quality to that offered to American workers would have cost US$40 million (Vitalis, 2007). It was also a device “to keep American Camp white” (Vitalis, 2007, p.108).

The majority of Aramco Saudi employees lived in nearby villages such as Dammam and Al-Khobar (Gelpi, 1998). A preliminary survey of the home ownership programme was conducted with Saudi employees of Aramco living in the Dhahran District. The survey found that the majority of those interviewed wanted to “build their own home in their villages, they do not want to move into townsites because they were cut off from family and friends” (William Mulligan Paper, 1961, p.2). Nevertheless, Aramco reported that by the end of the year, 3,963 Saudi Arab employees had built or purchased their own homes with Aramco’s financial assistance (William Mulligan Paper, 1962, p.24).

6.3.3 Health
Aramco initiated its medical programme in the late 1940s. The company recognised the benefits of having a health programme, and also that “it is going to be accepted as a certain amount of philanthropy by Government” (Harry Roscoe Snyder Papers, 1949, p.56). A healthy workforce
was necessary to maintain oil operations. The use of ‘exemplification’ was evident in communications to employees: “Aramco spent approximately SR 9,375,000 ($2,500,000) in 1955 on construction of new medical facilities for treating employees and members of their families” (William Mulligan Paper, 1955, p.40). Constructing medical facilities allowed Aramco to increase its influence and prestige in the Kingdom in the post-war period. The Medical Department acted as a public relations tool for the company (Parker, 2012). The emphasis was on prevention, which is a lower-cost solution than relying solely on medical care services (Daggy, 1964). As the company sought new oil discoveries, medicine played an important role in keeping the workforce healthy, and its mission was expanded to meet these needs. This policy was effective, as the number of deaths amongst Saudi Arab employees from infectious diseases such as tuberculosis, malaria and smallpox fell from an average annual rate of 16.3 per 10,000 employees in the period 1940–1949 to 0.3 in the period 1960–1962 (Daggy, 1964).

The malaria control programme was an important part of this initiative and “was less an altruistic deed than a function of business policy, related to labour expansion and corporate goodwill” (Parker, 2012, p.474). The company sought to eradicate malaria in the Eastern Province of Saudi Arabia by spraying the walls and ceilings in the village huts with DDT. The malaria control programme conducted in the oases in the Eastern Province provided the company with data on the health of the population and enabled it to identify healthy workers when it expanded into new oil fields. The metric that the company used to assess the level of malaria in the villages around an oasis was the number of children carrying the malaria parasite.

The programme was conducted by Richard Daggy, an entomologist, who headed the malaria eradication team.

We’d round up kids in the local village square, and then bribe them by giving them fig newtons for a drop of blood. We’d stab them, take a blood smear, and take the slides back to the laboratory and examine them for malaria parasites. We did this in quite a few villages (Gelphi interview with Daggy, 1998, p.8).

It is clear that this malaria programme was not conducted in an ethical manner. Over a ten-year period, thousands of blood samples were collected. The company was then able to calculate the number of children who tested positive and use this as a benchmark to measure the level of malaria in the area. This number was also used as a metric for assessing the effectiveness of the eradication programme (Gelpi interview with Daggy 1998). A pre-DDT survey of village children in Safwa conducted in 1947 revealed a parasite rate of 71%, which fell to 6% in 1949 and 2% in 1952. The rate then increased to 31% in 1954, which revealed that mosquitoes were becoming DDT resistant (Page & Daggy, 1956).
Aramco’s American employees lived in compounds far from the malarial regions. Aramco sought to influence the public perception of the company as a socially responsible employer whose aim was to improve the health and well-being of the local population. However, the evidence indicates that Aramco had its own economic goals, which were hidden by impression management tactics. Mr. A. Hill, in a meeting with the Personnel Planning Committee on Communities, indicated that “we have already been able to demonstrate that the direct cash saving in hospital costs for malaria treatment has been twice as great as the cost of the DDT spraying which has been applied … we have saved $90,000 by our spraying program” (Harry Roscoe Snyder Papers, 1949, pp.54-55). Some company managers viewed public health as the responsibility of the government, despite the strategic benefits that Aramco gained from the collected data. Daggy (1964) confirmed that if the government refused, or was unable, to pay the bill for spraying DDT, then the spraying stopped and the malaria rate would increase. In this respect, “(t)he company’s narrative of altruism came up against costs, and costs prevailed” (Parker, 2012, p.484).

Aramco adopted ‘self-enhancement’ communications to increase its standing amongst employees and the population by emphasising the range of medical services that it was providing. For example, trachoma was one of the main causes of preventable blindness in Saudi Arabia. The company announced that “work has begun on an Aramco-sponsored, SR 1,875,000 (US$500,000) research effort to find a vaccine for prevention of trachoma” (William Mulligan Paper, 1954, p.34). Aramco also sponsored maternal and child health programmes: “individual instruction was given to 1,500 expectant wives of Saudi Arab employees” (William Mulligan Paper, 1962, p.23). Aramco was keen to emphasise the amount of money that was being spent on healthcare initiatives and the number of patients receiving treatment.

During the early 1970s, Aramco was under pressure as the Saudis were planning to take control of their oil industry. The ‘self-enhancement’ communications emphasised what the company was doing to improve the well-being of employees and their families: “Saudi Arab employees and their dependents receive free medical services which totalled approximately 402,000 clinic visits and 75,000 patient days of hospital care” (William Mulligan Paper, 1972, p.9). Furthermore, Aramco was keen to underline the scope of the medical services that it provided: “The company conducts a comprehensive medical care program that includes maternal and child health care, immunisations, hearing conservation tests, and health education efforts that extend into the cities and towns where employees reside” (William Mulligan Paper, 1972, p.9). A 1974 Aramco company report stated that “The company provided free medical care to all employees and approximately 55000 Saudi Arab employees’ dependents” (p.15).
This figure suggests that free medical treatment was granted to workers and their families only, and not to all the inhabitants of the region.

To sum up, whether Aramco’s contribution to the development of the eastern region in terms of education, housing and health stemmed from submission to Saudi demands or was a function of the company’s own needs, in either case the company never abandoned its basic strategy of limited involvement.

6.4 Content analysis: Text analysis
Part of Aramco’s strategy was to use annual reporting as a means of communication to maintain the confidence of employees and the government. Aramco used different groups of words and vocabulary that are particularly relevant to an understanding of Aramco’s impression management strategy to promote their activities in the Kingdom.

As previously mentioned, Aramco adopted impression management strategies to rationalise the impact of their operations on society. The aim of these strategies was to influence stakeholder perceptions through the application of impression management techniques that sought to legitimise practices that were unethical or had a negative impact on society.

In order to effectively study impression management, the DICTION approach was chosen due to its appropriateness and easy application. The objective of using DICTION 7.0 software was to review in detail the synopsis of the variables, in line with impression management strategies, and to isolate the rhetorical tone. The strength of the measurement model is the main reason behind its use; it also ensures compliance with specific criteria including legitimacy and dependability. The purpose of this approach is to explore the text in terms of its verbal tone, using five variables as a measurement tool: certainty, optimism, activity, realism and commonality (Hart, 2000). Some interesting patterns are revealed in the data for the average 500 words of these 42 annual reports of Aramco in Table 15. A software programme was used to analyse the semantic features of the text.
Table 15. DICTION master variable measures for Aramco Reports (1938–1974) to Saudi Government

<table>
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<th>Year</th>
<th>Activity Score</th>
<th>Optimism Score</th>
<th>Certainty Score</th>
<th>Realism Score</th>
<th>Commonality Score</th>
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<td>48.76</td>
<td>40.26</td>
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<tr>
<td>1946</td>
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<td>49.01</td>
<td><strong>21.06</strong></td>
<td><strong>49.02</strong></td>
<td><strong>47</strong></td>
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<tr>
<td>1947</td>
<td>49.73</td>
<td>48.97</td>
<td>42.45</td>
<td><strong>50.67</strong></td>
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<td>50.22</td>
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</tr>
<tr>
<td>1949</td>
<td>49.42</td>
<td>48.93</td>
<td>46.84</td>
<td><strong>52.6</strong></td>
<td><strong>47.55</strong></td>
</tr>
<tr>
<td>1950</td>
<td>50.18</td>
<td><strong>47.64</strong></td>
<td>42.1</td>
<td><strong>49.78</strong></td>
<td>48.56</td>
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<tr>
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<td>48.11</td>
<td>47.34</td>
<td>46.1</td>
<td><strong>47.03</strong></td>
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<tr>
<td>1952</td>
<td>50.22</td>
<td>49.95</td>
<td><strong>52.29</strong></td>
<td><strong>52.97</strong></td>
<td><strong>47.93</strong></td>
</tr>
<tr>
<td>1953</td>
<td>51.32</td>
<td>51</td>
<td><strong>53.4</strong></td>
<td><strong>52.21</strong></td>
<td>48.37</td>
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<tr>
<td>1954</td>
<td>49.95</td>
<td>50.9</td>
<td><strong>52.16</strong></td>
<td><strong>52.18</strong></td>
<td>49.3</td>
</tr>
<tr>
<td>1955</td>
<td>48.94</td>
<td>52.44</td>
<td>49.62</td>
<td><strong>54.36</strong></td>
<td>49.66</td>
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<tr>
<td>1956</td>
<td>46.44</td>
<td>50.34</td>
<td><strong>52.44</strong></td>
<td><strong>57.29</strong></td>
<td>49.54</td>
</tr>
<tr>
<td>1957</td>
<td>48.83</td>
<td>50.5</td>
<td><strong>51.1</strong></td>
<td><strong>53.52</strong></td>
<td>48.55</td>
</tr>
<tr>
<td>1958</td>
<td>47.92</td>
<td>48.63</td>
<td>47.5</td>
<td><strong>51.7</strong></td>
<td>49.94</td>
</tr>
<tr>
<td>1959</td>
<td>47.55</td>
<td>49.07</td>
<td>46.78</td>
<td><strong>52.77</strong></td>
<td><strong>46.99</strong></td>
</tr>
<tr>
<td>1960</td>
<td>48.71</td>
<td>51.73</td>
<td><strong>50.95</strong></td>
<td><strong>55.37</strong></td>
<td>48.9</td>
</tr>
<tr>
<td>1961</td>
<td>49.6</td>
<td>50.06</td>
<td>47.37</td>
<td><strong>54.29</strong></td>
<td>48.58</td>
</tr>
<tr>
<td>1962</td>
<td>49.07</td>
<td>51.02</td>
<td>48.7</td>
<td><strong>50.77</strong></td>
<td>49.34</td>
</tr>
<tr>
<td>1963</td>
<td>49.32</td>
<td>50.4</td>
<td><strong>50.28</strong></td>
<td><strong>53.7</strong></td>
<td>50.73</td>
</tr>
<tr>
<td>1964</td>
<td>47.8</td>
<td>47.95</td>
<td><strong>26.01</strong></td>
<td><strong>49.13</strong></td>
<td>48.37</td>
</tr>
<tr>
<td>1965</td>
<td>48.04</td>
<td>49</td>
<td><strong>24.44</strong></td>
<td><strong>53.15</strong></td>
<td>48.21</td>
</tr>
<tr>
<td>1966</td>
<td>48.38</td>
<td>49.25</td>
<td><strong>26.35</strong></td>
<td><strong>49.47</strong></td>
<td>48.23</td>
</tr>
<tr>
<td>1967</td>
<td>47.43</td>
<td><strong>46.95</strong></td>
<td><strong>27.72</strong></td>
<td><strong>47.32</strong></td>
<td>48.98</td>
</tr>
<tr>
<td>1968</td>
<td><strong>39.61</strong></td>
<td><strong>39.32</strong></td>
<td><strong>38.16</strong></td>
<td><strong>52.75</strong></td>
<td>51.48</td>
</tr>
<tr>
<td>1969</td>
<td>49.31</td>
<td>51.81</td>
<td>43</td>
<td><strong>50.72</strong></td>
<td>49.18</td>
</tr>
<tr>
<td>1970</td>
<td>47.16</td>
<td>48.28</td>
<td>40.63</td>
<td><strong>50.19</strong></td>
<td>48.3</td>
</tr>
<tr>
<td>1971</td>
<td>50.4</td>
<td>48.44</td>
<td>47.38</td>
<td><strong>52.95</strong></td>
<td>47.97</td>
</tr>
<tr>
<td>1972</td>
<td>46.7</td>
<td><strong>47.78</strong></td>
<td>39.46</td>
<td><strong>47.75</strong></td>
<td>48.18</td>
</tr>
<tr>
<td>1973</td>
<td>49.94</td>
<td>49.05</td>
<td>39</td>
<td><strong>52.3</strong></td>
<td>49.13</td>
</tr>
<tr>
<td>1974</td>
<td>47.02</td>
<td>48.92</td>
<td>47.84</td>
<td><strong>51.4</strong></td>
<td>49.99</td>
</tr>
</tbody>
</table>

All out-of-normal range scores are in bold typeface. High out-of-range scores are italicised. Low out-of-range scores are underlined.

Normal range for measures:

Activity: low 46.26 high 53.97 Optimism: low 47.92 high 52.5
Certainty: low 38.62 high 50.26 Realism: low 41.14 high 46.85
Commonality: low 47.94 high 55.

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As shown above, some interesting patterns are revealed. Language displaying strong realism appears over the 40 years. Language displaying certainty appears to oscillate. It flows, ebbs then flows again, ending with a flow. However, the high point was reached in the 1953 report. Optimism recorded several low analyses at the start then a high score at the end. There is no unusually high or low frequency of use in the Aramco annual reports of words that indicate activity, except 1940, 1951 and 1968. In addition, language displaying commonality had a lower score than normal in some reports.

6.4.1 Realism score

Realism is defined as “tangible, immediate, recognizable matters that affect people’s everyday lives” (Hart, 2000, p.5). Realism is of interest specifically because of the nature of the annual reports. Aramco chose to communicate policy and industry to Saudi employees and government directly, by publishing broad reports yearly. The annual reports served as a type of one-way communication by the Aramco managers and they were arguably timely, as they referenced both past and future events, and were grounded in the present activity. Realism can be measured with eight of the textual characteristic through the following formula: the addition of familiarity, spatial awareness, temporal awareness, present concern, human interest, and concreteness, less past concern and complexity (Hart, 2000).

The appropriateness of this variable for investigating impression management can perhaps best be understood in relation to the term `obfuscation'. This term is an impression management strategy, whereby management will seek to obfuscate bad news through the strategic exploitation of aspects of syntactic structure. The obfuscation finds parallels in the components of the DICTION realism score (Sydserff, 2001).

As the analysis indicated, it is interesting to note that a powerful depiction of realism is present in the Aramco operation, which spanned 41 years. Realism is exceptionally high. This could potentially be attributed to the need for stakeholders and the public to agree with the Aramco leadership team. Therefore, the top-down management style is identified within the linguistic tone of the reports, as well as the top-level accompanying tone. According to Craig and Brennan (2012), if a company has a high realism score, this can lead to a more advanced reputation. This specific outcome was directly associated with an impression management technique. As an assertive impression management method, Aramco implemented self-promotion as a means of illustrating its sense of duty and its pledge to offer professional support to Saudi employees in terms of training and professional development. The management sought
to use the reports as a propaganda vehicle to show how the Company was improving the lives of Saudis and contributing to the development of the country.

6.4.2 Optimism score
Cornut et al. (2012) explain how certain narratives, such as letters to shareholders and annual reports, are characteristically more optimistic in nature. They also found that this applies to strategic plans. The appropriateness of this variable for accounting-related applications investigating impression management can be seen in the clear parallels between the component variables of the optimism score and elements of the extant accounting literature (Sydserff, 2001). The optimism score is calculated from six sets of standardised scores, comprising three additive variables (praise, satisfaction and inspiration) and three subtractive variables (blame, hardship and denial).

As indicated above, and as not expected, there is no unusually high or low frequency of use in Aramco reports of words that indicate optimism, except low scores for the years 1950, 1967, 1968 and 1972. Perhaps this decrease in optimism was due to the nationalisation period. Nelson, et al. (2014) note, that a firm will depict more optimism in its annual report when its financial performance is higher than its baseline level of financial performance. Their study compared annual reports from the petroleum and restaurant industry and found the latter was on the average more optimistic. This indicates that Aramco’s reports were comparable to those of other companies in the petroleum industry. The tone that a company adopts will be consistent over time to reflect how it presents its sense of identity. However, The low scores in 1950, 1967, 1968 and 1972 reflect the shifting balance of power as the government began to implement its strategy of taking control of the Aramco.

6.4.3 Certainty score
Hart (2000) defines certainty as “resoluteness, inflexibility, and completeness and a tendency to speak ex cathedra” (p.5) by measuring the certainty characteristics (tenacity, levelling, collectives and insistence) and the ambivalence characteristics (numerical terms, ambivalence, self-reference and variety). The appropriateness of this variable for accounting-related applications has been demonstrated by Ober et al. (1999) in their investigation of the differential use of certainty expressions in the accounting narratives of ‘good performers’ and ‘poor performers’. It may be, however, that a marked tone of certainty is in itself a self-serving strategy adopted by a company (Sydserff, 2001).
The field of pursuits related to CSR has experienced significant improvements and the certainty score implies that a strong business can be successful within a challenging social and business situation. Whilst this notion of success originated in the 1950s, Aramco had a major change during the 1960s as a result of key events, such as the establishment of OPEC, the Arab-Israeli war and the oil embargo.

6.4.4 Activity score
Activity is defined by Hart (2000) as “movement, change, the implementation of ideas and the avoidance of inertia” (p.5). Since strategy is activity based, investigating the degree of activity characteristics in Aramco reports may provide insights into the purpose of Aramco’s activities. Activity includes seven textual characteristics: aggression, accomplishment, communication and motion, and (representing inertia), cognitive terms, passivity and embellishment (Hart, 2000). The appropriateness of this variable for accounting-related applications investigating impression management is clear. A marked verbal tone for the semantic feature ‘activity’ is indicative of a company that is forward-looking, progressive, self-determining and controlling its own success. This is reflected in particular in the additive variables, ‘aggression’ and ‘accomplishment’. The subtractive variables, ‘passivity’ and ‘embellishment’ in particular, are indicative of stasis, inactivity and the absence of a forward-looking orientation (Sydserff, 2001).

6.4.5 Commonality score
Hart (2000) defines commonality as “language highlighting the agreed-upon values of a group and rejecting idiosyncratic modes of engagement” (p.5) through the difference between the following characteristics: centrality, cooperation and rapport (i.e. commonality); and, diversity, exclusion, and liberation (i.e. idiosyncrasy). The essence of ‘commonality’ is encapsulated in the master and component variable definitions of group identity, as opposed to distinctiveness and individualism. In terms of impression management, a particular strategy for ‘poor performers’ might be to emphasise group identity so as to avoid isolation from the group (Sydserff, 2001). While the appropriateness of the variables ‘certainty’, ‘optimism’, ‘realism’ and ‘commonality’ for accounting-related applications investigating impression management is clear, the link is less clear for ‘commonality’. While some links can be made, a degree of caution must be observed in interpreting ‘commonality’ scores in the context of impression management (Ibid, 2001).

In terms of the semantic tone identified by DICTION, 1968 was a year completely out of character compared to other years, as the Aramco report scored lower in activity, optimism and
certainty than the realism norms. It is important to note that dealing with uncertainty is an ongoing managerial problem; executives try to manage uncertainty by trying to buffer the organisation’s technical environment from the external one. The Aramco report for that year scores significantly lower for the norms of activity, optimism and certainty, and higher for realism. Because of the pattern in this year, a brief analysis of the DICTION variables of Aramco reports (for the year 1968) is provided. Seventeen DICTION variables out of 31 are displayed in Table 16.
Table 16. Extreme out-of-range DICTION variables in Aramco reports of 1968

<table>
<thead>
<tr>
<th>Dictionary Variables</th>
<th>Score</th>
<th>Normal range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spatial Terms</td>
<td>19.32</td>
<td>9.82</td>
</tr>
<tr>
<td>Cognition</td>
<td>0.63</td>
<td>10.26</td>
</tr>
<tr>
<td>Familiarity</td>
<td>68.52</td>
<td>137.49</td>
</tr>
<tr>
<td>Centrality</td>
<td>15.81</td>
<td>11.39</td>
</tr>
<tr>
<td>Concreteness</td>
<td>35.99</td>
<td>30.92</td>
</tr>
<tr>
<td>Numerical Terms</td>
<td>120.83</td>
<td>112.24</td>
</tr>
<tr>
<td>Accomplishment</td>
<td>18.68</td>
<td>43.11</td>
</tr>
<tr>
<td>Cooperation</td>
<td>0.16</td>
<td>18.12</td>
</tr>
<tr>
<td>Collectives</td>
<td>1.43</td>
<td>13.7</td>
</tr>
<tr>
<td>Temporal Terms</td>
<td>1.4</td>
<td>20.69</td>
</tr>
<tr>
<td>Present Concern</td>
<td>0.48</td>
<td>8.54</td>
</tr>
<tr>
<td>Self-reference</td>
<td>3.83</td>
<td>1.02</td>
</tr>
<tr>
<td>Tenacity</td>
<td>0.9</td>
<td>18.86</td>
</tr>
<tr>
<td>Blame</td>
<td>15.67</td>
<td>2.36</td>
</tr>
<tr>
<td>Insistence</td>
<td>27.76</td>
<td>341.91</td>
</tr>
<tr>
<td>Embellishment</td>
<td>16.49</td>
<td>2.6</td>
</tr>
<tr>
<td>Variety</td>
<td>0.6</td>
<td>0.52</td>
</tr>
<tr>
<td>Complexity</td>
<td>3.53</td>
<td>5.42</td>
</tr>
</tbody>
</table>

The word frequency in the Aramco 1968 report for these variables was either extremely high (for spatial terms, centrality, concreteness, numerical terms, and self-reference, blame and embellishment) or extremely low (for cognition, familiarity, accomplishment, cooperation, collectives, collectives, temporal terms, present concern, tenacity, insistence, variety and complexity). The definitions of these variables are provided in Appendix D. As previously mentioned, the major events during the 1960s affected Aramco’s policy, which is reflected in Aramco’s annual reports.

Quite clearly, Aramco used these annual reports as a piece of propaganda to portray the Aramco company as fair and reasonable and to maintain confidence among the stakeholder groups, including Saudis employees and the Saudi Government. Aramco adopted a tone of deception in its reports to overcome the severity of the issues that confronted it with regard to Article 23 and with regard to the negative impact of workers’ strikes. For more emphasis, Table 17 shows the out-of-range DICTION variables related to the enhancement and reputation of the company. The annual reports selected were based on the major strikes that occurred in 1953 and 1956. In these reports, Aramco used a tone that is particularly relevant to an understanding of Aramco’s self-presentation.
Table 17. DICTION results, Aramco annual reports (1953 & 1956)

<table>
<thead>
<tr>
<th>The variables</th>
<th>1953 Score</th>
<th>1956 Score</th>
<th>Normal range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spatial Terms</td>
<td>11.81</td>
<td>36.44</td>
<td>0.44, 9.82</td>
</tr>
<tr>
<td>Cognition</td>
<td>4.89</td>
<td>11.26</td>
<td>2.03, 10.26</td>
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<tr>
<td>Familiarity</td>
<td>138.55</td>
<td>121.29</td>
<td>106.54, 137.49</td>
</tr>
<tr>
<td>Concreteness</td>
<td>41.97</td>
<td>41.18</td>
<td>10.03, 30.92</td>
</tr>
<tr>
<td>Numerical Terms</td>
<td>25.95</td>
<td>22.6</td>
<td>40.62, 112.24</td>
</tr>
<tr>
<td>Past Concern</td>
<td>6.98</td>
<td>2.42</td>
<td>-0.88, 3.85</td>
</tr>
<tr>
<td>Cooperation</td>
<td>1.84</td>
<td>2.85</td>
<td>4.74, 18.12</td>
</tr>
<tr>
<td>Collectives</td>
<td>14.4</td>
<td>19.82</td>
<td>2.05, 13.7</td>
</tr>
<tr>
<td>Passivity</td>
<td>4.1</td>
<td>8.07</td>
<td>0.23, 7.23</td>
</tr>
<tr>
<td>Motion</td>
<td>3.87</td>
<td>0.33</td>
<td>-1.36, 3.29</td>
</tr>
<tr>
<td>Tenacity</td>
<td>21.41</td>
<td>27.15</td>
<td>5.47, 18.86</td>
</tr>
<tr>
<td>Insistence</td>
<td>137.63</td>
<td>68.04</td>
<td>111.4, 341.91</td>
</tr>
<tr>
<td>Variety</td>
<td>0.49</td>
<td>0.68</td>
<td>0.29, 0.52</td>
</tr>
</tbody>
</table>

In view of the events reviewed above, and the associated uncertainties from the company’s point of view, it is perhaps not surprising that the concreteness, collectiveness and tenacity of Aramco communications increased in 1953 and 1956. As Geppert and Lawrence (2008, p.293) state, the text of the reports of high-reputation firms reflects a “straightforward, matter-of-fact style” that is indicated by concreteness. During the crisis, Aramco used more words suggesting “tangibility and materiality” (Hart, 2000, p.9). Moreover, a high tenacity score reflects the high level of confidence and totality in company reports (Amernic et al., 2010). Furthermore, an increased use of collective, first-person plural pronouns such as we, us, our, ours, ourselves, is reported to be a blame-shifting or disassociation strategy to help deceptive individuals distance themselves from the deceptions in their reports and to shift responsibility from themselves onto others (Ali et al., 2018). In a similar vein, a low score for cooperation means that Aramco was not collaborative in its dealings with the Saudi Government.

Aramco used a different tone in its reports of 1953 and 1956; high levels of familiarity and motion appeared in the 1953 reports. As Amernic et al. (2010) stated, “a distinctive point of difference occurs with common language [familiarity] being used to express a tone of ‘cocky’ confidence” (p.131). Higher activity in Aramco reports was represented by language featuring motion and the avoidance of inertia. However, in the 1956 reports, there were high scores for cognition, passivity and variety. In fact, a high score for variety indicates a speaker’s avoidance of overstatement and a preference for precise, molecular statements (Hart, 2000). However, the company feared that their stakeholder group may be affected by the Suez Crisis of 1956. As mentioned in an earlier chapter, the Suez oil Crisis, which came to an end by the
spring of 1957, had a minimal impact on Aramco’s oil production. Within this context, the high score for variety in the 1956 reports reassured Aramco’s ally as well as the Saudi employees and the government.

6.5 CSR and impression management: historical and longitudinal analysis
To provide a richer understanding of how companies seek to present images of themselves in changing economic and political environments, the merging of results from a longitudinal and historical analysis has been adopted for the interrelationship between a company’s CSR activities and impression management strategies. For further illustration, Tables 18, 19 and 20 below demonstrate the impression management techniques used in the CSR reports of Aramco. By highlighting the high scores of Aramco’s reports using DICTION software, the study provides another source of evidence of the impression management strategy employed in Aramco’s policy. The company promoted its images and its commitment to the service of society in its annual reports by deploying a variety of assertive impression management techniques, such as self-promotion, self-enhancement and exemplification, and defensive impression management techniques such as justification.
<table>
<thead>
<tr>
<th>Year</th>
<th>Narrative from Aramco Reports</th>
<th>Impression Management</th>
<th>DICTION Master Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>“Nationals were given special training as follows: In Dhahran: 19 in metal welding, 1 in electric wiring, 1 in electric motor winding and 1 accounting” (p.10).</td>
<td>Enhancement</td>
<td>High Realism</td>
</tr>
<tr>
<td>1944</td>
<td>“The program of training Saudi Arab employees on the job in different crafts and higher skills was continued during this year” (p.13).</td>
<td>Enhancement</td>
<td>High Realism</td>
</tr>
<tr>
<td>1949</td>
<td>“Total manpower was reduced from 20254 in December 1948, to 10026 by December 1949” (p.12).</td>
<td>Justification</td>
<td>High Realism</td>
</tr>
<tr>
<td>1950</td>
<td>“The objective of Aramco Production Training Program is to help the maximum number of Saudi Arab employees help themselves by qualifying for the highest possible classification in the shortest possible time” (p.24).</td>
<td>Enhancement</td>
<td>High Realism</td>
</tr>
<tr>
<td>1951</td>
<td>“Saudi employees are trained for greater skill and proficiency in their jobs and for advancement to positions of increased responsibility” (p.23).</td>
<td>Entitlement</td>
<td>High Realism</td>
</tr>
<tr>
<td>1953</td>
<td>“A large number of employees went on strike in October. However, the company was able to proceed normally with its production, refining, and oil shipping operations” (p.2).</td>
<td>Justification</td>
<td>High Certainty/Realism</td>
</tr>
<tr>
<td>1957</td>
<td>“The major purpose of the Saudi Development Program is to identify at early stage technical aptitudes and leadership abilities that might qualify the employee for higher position” (p.33).</td>
<td>Enhancement</td>
<td>High Certainty/Realism</td>
</tr>
<tr>
<td>1960</td>
<td>“Twenty-nine Saudi Arab employees were assigned to advanced, specialized training in colleges and universities” (p.5).</td>
<td>Enhancement</td>
<td>High Certainty/Realism</td>
</tr>
<tr>
<td>1962</td>
<td>“Ninety-three Saudi Arab employees were sent on educational and training assignments outside Saudi Arabia on individual development programs” (p.1).</td>
<td>Enhancement</td>
<td>High Realism</td>
</tr>
<tr>
<td>1964</td>
<td>“Of the 1,367 supervisory and management positions at all levels within the company, 709, or 52 percent, were held by Saudi Arabs” (p.15).</td>
<td>Exemplification</td>
<td>High Realism/Low Certainty</td>
</tr>
<tr>
<td>1967</td>
<td>“Saudi employees continued to increase their technical, supervisory and professional skills as the result of company training programs” (p.18).</td>
<td>Entitlement</td>
<td>High Realism/Low Certainty</td>
</tr>
<tr>
<td>1972</td>
<td>“Saudi employees held 251, or 41 percent, of the total 617 supervisory level jobs in Aramco” (p.9).</td>
<td>Exemplification</td>
<td>High Realism</td>
</tr>
<tr>
<td>1974</td>
<td>“By the end of the year 268 Saudi Arabs had completed one or more of eight supervisory management-training courses” (p.15).</td>
<td>Enhancement</td>
<td>High Realism</td>
</tr>
<tr>
<td>1974</td>
<td>“Aramco offered 60 higher-education scholarships to Saudi Arab men and women, selected by the government, these students were enrolled in educational institutions in the U.S., Austria, France and Lebanon” (p.19).</td>
<td>Exemplification</td>
<td>High Realism</td>
</tr>
</tbody>
</table>
Table 19. Narrative Text from Aramco Annual Reports of Operations Relating to Housing Provision

<table>
<thead>
<tr>
<th>Year</th>
<th>Narrative from Aramco Reports</th>
<th>Impression Management</th>
<th>DICTION Master Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>“Permanent housing was completed at Dhahran to house 88 staff employees and to house 408 non-staff employees” (p.8).</td>
<td>Entitlement</td>
<td>High Realism</td>
</tr>
<tr>
<td>1944</td>
<td>“Temporary tent and barasti housing is being built for approximately 7000 Saudi Arab employees and for the skilled Iraqi, Indian, and other foreign employees necessary to build the refinery on rush schedule” (p.7).</td>
<td>Enhancement</td>
<td>High Realism</td>
</tr>
<tr>
<td>1946</td>
<td>“Improving housing for company employees was made during this year in the replacement of barasti-type dwellings with permanent 20-man dormitories constructed of concrete, brick and masonry” (p.14).</td>
<td>Enhancement</td>
<td>High Realism</td>
</tr>
<tr>
<td>1947</td>
<td>“Following the request of several employees for financial aid to build houses in the towns of Dammam and Al-Khobar, the company devised a plan for making loans to eligible employees” (p.15).</td>
<td>Exemplification</td>
<td>High Realism</td>
</tr>
<tr>
<td>1950</td>
<td>“Eighty-six permanent dormitories providing permanent housing space for 2002 additional Arab employees” (p.39)</td>
<td>Entitlement</td>
<td>High Realism</td>
</tr>
<tr>
<td>1955</td>
<td>“Aramco subsidizes 20 per cent of the loans, employees repay only 80 per cent of the amount of money borrowed” (p.45).</td>
<td>Exemplification</td>
<td>High Realism</td>
</tr>
<tr>
<td>1959</td>
<td>“The company extended SR 26,359,000 ($7,029,000) in individual housing loans to Saudi Arab employees during the year” (p.22).</td>
<td>Exemplification</td>
<td>High Realism</td>
</tr>
<tr>
<td>1960</td>
<td>“Aramco provides interest-free loans to employees, but the company does not undertake construction of homes” (p.26).</td>
<td>Exemplification</td>
<td>High Realism</td>
</tr>
<tr>
<td>1963</td>
<td>“Seven hundred and twenty-three Saudi Arab employees built or purchased homes through The Home Ownership Program during the year, bringing to 4,686 the total number of homes so acquired by employees” (p.22).</td>
<td>Exemplification</td>
<td>High Realism/Low Certainty</td>
</tr>
<tr>
<td>1967</td>
<td>“By year-end 65 per cent of the eligible Saudi employees had acquired homes under the Home Ownership Plan” (p.16).</td>
<td>Exemplification</td>
<td>High Realism/Low Certainty</td>
</tr>
<tr>
<td>1970</td>
<td>“Loans amounting to $3,109,000 were granted to Saudi employees under the Home Ownership Program” (p.16).</td>
<td>Exemplification</td>
<td>High Realism</td>
</tr>
<tr>
<td>1972</td>
<td>“Seventy-three percent of the company’s Saudi employees participated in the Home Ownership Program at year-end” (p.9).</td>
<td>Exemplification</td>
<td>High Realism</td>
</tr>
<tr>
<td>1973</td>
<td>“The new revision of the Home Ownership Program was to increase the loan-amount limit from SR150,000 to SR 200,000” (p.10)</td>
<td>Exemplification</td>
<td>High Realism</td>
</tr>
</tbody>
</table>
Table 20. Narrative Text from Aramco Annual Reports of Operations Relating to Medical Provision

<table>
<thead>
<tr>
<th>Year</th>
<th>Narrative from Aramco Reports</th>
<th>Impression Management</th>
<th>DICTION Master Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td>“A new staff hospital was provided which is well equipped to handle most of the medical work” (p.14)</td>
<td>Exemplification</td>
<td>High Certainty/Realism</td>
</tr>
<tr>
<td>1941</td>
<td>“The medical staff began a campaign to reduce the cause of malaria in the towns of Al-Khobar and Dammam” (p.12).</td>
<td>Enhancement</td>
<td>High Realism</td>
</tr>
<tr>
<td>1946</td>
<td>“During the past year special emphasis was placed on the treatment of trachoma by maintaining records of all cases and requiring daily treatment of all trachoma patients” (p.22).</td>
<td>Exemplification</td>
<td>High Realism</td>
</tr>
<tr>
<td>1948</td>
<td>“One of the most significant steps taken to control malaria in coastal Al-Hasa in 1948 was the initiation of house spraying program in this area” (p.21).</td>
<td>Enhancement</td>
<td>High Realism</td>
</tr>
<tr>
<td>1949</td>
<td>“The Dhahran Health centre was officially opened on January 22, 1949” (p.26).</td>
<td>Exemplification</td>
<td>High Realism</td>
</tr>
<tr>
<td>1954</td>
<td>“Work has begun on an Aramco-sponsored, SR 1,875,000 ($500,000) research effort to find a vaccine for prevention of trachoma” (p.34).</td>
<td>Exemplification</td>
<td>High Certainty/Realism</td>
</tr>
<tr>
<td>1955</td>
<td>“Aramco spent approximately SR 9,375,000 ($2,500,000) in 1955 on construction of new medical facilities for treating employees and members of their families” (p.40).</td>
<td>Exemplification</td>
<td>High Realism</td>
</tr>
<tr>
<td>1956</td>
<td>“The Medical Department devoted its major effort during 1956 to clinical medicine. The various clinics, including mobile units, recorded a total of 542,000 patient visits, an increase of 8 per cent over the previous year” (p.37).</td>
<td>Entitlement</td>
<td>High Certainty/Realism</td>
</tr>
<tr>
<td>1961</td>
<td>“Aramco health centers in Dhahran, Abqaiq and Ras Tanura provided hospital treatment for 5,492 patients and received 362,514 clinic visits” (p.25).</td>
<td>Entitlement</td>
<td>High Realism</td>
</tr>
<tr>
<td>1966</td>
<td>“The company spent $12,100,000 for medical treatment and disease-prevention programs for employees and their dependents and $600,000 for the treatment of others” (p.19).</td>
<td>Exemplification</td>
<td>High Realism/Low Certainty</td>
</tr>
<tr>
<td>1969</td>
<td>“Aramco and Harvard completed their fifteenth year of joint research to develop a vaccine against trachoma” (p.22)</td>
<td>Exemplification</td>
<td>High Realism</td>
</tr>
<tr>
<td>1972</td>
<td>“Saudi Arab employees and their dependents received free medical services which totalled approximately 402,000 clinic visits and 75,000 patient days of hospital care” (p.9).</td>
<td>Exemplification</td>
<td>High Realism</td>
</tr>
<tr>
<td>1974</td>
<td>“The company provided free medical care to all employees and approximately 55000 Saudi Arab employees’ dependents” (p.15)</td>
<td>Exemplification</td>
<td>High Realism</td>
</tr>
</tbody>
</table>
From the above analysis, we can see that the use of “self-enhancing” statements was designed to secure the approbation of stakeholders such as the Saudi Government, Aramco employees and Saudi society. The company engaged in “self-enhancement” through its celebration of the amount of new training programmes, the improved housing and the control of malaria in Al-Hasa region. The company had the highest scores of realism and certainty in their reports throughout the 40 years (Table 12). The presence of strong realism within Aramco reports revealed that impression management can be achieved successfully with the use of biased accounting language. This can be attributed to the following quotation by Aerts (1994), who stated that organisation events and performances within the annual reports are “not simply the outcome of a straightforward data analysis process” (p.337). It is important to point out that through the effective use of self-enhancement, Aramco’s stakeholders were recruited with training and education tactics during the process of employment progression. This process focused attention away from the prejudiced treatment of Saudis within employment during the period of the strikes.

In a similar vein, the company reported investment in housing and a medical department, and employees also demonstrated the use of “entitlement” as Aramco stated that the employees had received considerable benefits from these initiatives. High certainty and realism were also evident in protecting and maintaining confidence among the stakeholder groups.

Moral exemplification is reflected within philanthropy. The company was keen to mention the money it spent on CSR activities and it also reflected on how these funds helped the community. The realism and certainty scores were high in the Aramco reports. With this impression management aspect in mind, Aramco focused on progressing the method of exemplification. Sernau (2005) stated that philanthropy and social responsibility are directly linked with wealth and authority, which can help to establish status and respect. From the perspective of Aramco management, in terms of philanthropy and welfare enterprises, the causal agent of corporate giving is reflected within Aramco. As an example, the involvement of Aramco with a malaria scheme is portrayed in health regulations as an Aramco achievement.

The use of “justifications” usually consisted of explaining to the government why employee strikes were not the responsibility of the company. During the employee strikes, Aramco used justifications to ensure that their operations were not affected by these events and they made it clear to the government that they were not responsible for these events. Also, they used justification statements when they explained a change in policy such as reducing the number of workers in a particular year. The language in their reports shows high confidence during these events.
6.6 Review of historical evidence

The above analysis has considered the claims of Saudi Aramco workers and Aramco's responses to these claims in the light of Aramco's public and private correspondence. Historical evidence was reviewed, including the secret private correspondence between Aramco managers. There are interesting contrasts between Aramco's private views and their public pronouncements. Using the impression management strategy, Aramco managed to retain control of its oil assets in Saudi Arabia.

The mechanisms of corporate control in these historical documents demonstrate strongly the policy of the company revealed by Aramco's private correspondence. Within the above context, it is quite clear that Aramco's public statements were part of a wider propaganda battle. It is clear to observe that Aramco used its annual reports and publications as a tool to communicate a positive impression to the Saudi workers and the Saudi Government, in order to maintain their confidence. However, its behaviour and personal attitude, as illustrated in the archival evidence, revealed its individual beliefs, which were underpinned by the fact that the Saudis were not treated as potential leaders.

It is important to mention that in official corporate history, Aramco appeared to fulfil its CSR commitment towards the Saudis employees by contributing significantly to education, housing, health and social benefits. An alternative view was offered by private correspondences – that Aramco paid little attention to Saudization and the charges of discrimination against Saudi employees. Clearly, Aramco’s commitment to CSR under the education and training programmes had the motive of maintaining control of its oil assets rather than being done out of a sense of moral obligation. One way the company did this was by retaining Americans in senior and middle management positions.

At the other end of the scale, computerised content analysis DICTION 7.0 software provided a clear picture of the disclosures made by Aramco by analysing the language of their reports. This revealed the strategy of impression management that was adopted during the 20th century in Aramco operations.
6.7 Summary

In this chapter, the analysis of the case study suggested several key themes with wider importance. The narrative analysis of company documents shows Aramco’s strategy, where private views were different from public views. Aramco used impression management techniques in its annual reports and wide public publication to maintain control and high confidence in its stakeholder group.

Evidently, private correspondence and DICTION software have provided extensive proof regarding the motivation of Aramco when performing its CSR strategies and tactics. Rather than focusing upon the philanthropic rationale, the objective was to retain a level of responsibility over oil assets. To implement control, Aramco classified staff in terms of racism in the workplace, and in its housing and health regulations. The dominance of discrimination within the company’s regulations was evident in the way that American camps were managed and the unfair dealing with Saudis in employment. In an attempt to establish control and authority, annual Aramco reports were presented through the use of defensive and assertive impression management. The techniques used to their greatest capacity were exemplification, justification, excuses, self-enhancement and self-promotion.

In the next chapter, summarises and discusses the findings of this study and the main conclusions of the thesis. The contributions of the study to knowledge are highlighted. The limitations of the study are then considered and how these limitations were addressed is detailed. Finally, suggestions for further research are made.
Chapter 7. Discussion and Conclusion

7.1 Introduction

Given the importance of the findings presented in Chapter 6, this chapter offers an detailed discussion of the results in relation to the existing literature. It explains how the findings for each research question lead to an extension of knowledge of CSR activities and impression management strategies. The chapter brings together the findings from this study in order to address the research questions posed in this thesis, namely:

1. What role did CSR play in Aramco’s strategy to strengthen its position in the Kingdom and to maintain control over Saudi oil assets?
2. What role did impression management play in underpinning company policy?

A framework is presented which demonstrates how Aramco used impression management strategies in their reports and publications to maintain their control over Saudi oil. This framework is developed from the theoretical and conceptual framework presented earlier in this thesis and the analysis conducted in this study. The results are discussed in light of the research questions and elaborating on the links established in the framework.

The structure of this chapter is as follows: Section 7.2 discusses the findings of the study, section 7.3 highlights the research contributions of the research, section 7.4 lists the limitations of the study and section 7.5 points to directions for further investigation.

7.2 Discussion of the findings

7.2.1 the existing literature

This thesis examines CSR practices using the impression management framework developed by Tedeschi and Melburg (1984). The objective of the study was to explore the control perspectives in CSR activities and the impression management strategies used by the Aramco company to control Saudi oil assets by analysing archive materials and its CSR reports.

Overall, the study findings support the theoretical framework developed from the literature review in Chapter Four. Multinational corporations use different strategies to obtain control over resources in a host country, one of which is impression management strategy in CSR activities. Several studies have investigated various strategies that can be applied to achieve a company’s aims and support its agenda (Hooghiemstra, 2000; Unerman, 2003; Cho et al, 2014; Talbot and Boiral, 2015; Roussy and Rodrigue, 2018).
To implement hierarchical control, Aramco categorised staff in the workplace in racist terms, and through housing and health regulations. The prevalence of discrimination within the country’s regulations was evident in the way that American camps were managed and in the way that Saudis were subordinate in employment relations. In a bid to establish control and authority, annual Aramco reports were designed with the use of assertive and defensive management techniques. Thus, the nature and motivations of CSR reporting practices and activities are best understood through the impression management framework. In order to explore the control perspectives in CSR activities and reporting practices, this research provides evidence of CSR disclosures and their association with the company’s propaganda. Furthermore, the analysis of private correspondence using DICTION software has provided extensive evidence regarding the motivations of Aramco in choosing and implementing their CSR strategies and tactics. Rather than focusing upon any philanthropic rationale, the company objectives included the retention of control over oil assets.

The previous CSR and accounting literature has taken into consideration the impact of corporate motives on CSR disclosure. Many studies have stressed that corporate social reporting is engaged in so as to influence the public’s perceptions of the company (Hooghiemstra, 2000), but few studies have considered the impact of impression management strategies on CSR disclosure in developing countries (Abdelrehim, 2011). This chapter contributes to the CSR and accounting literature by providing evidence of impression management and CSR disclosure related to the control exerted by oil companies in the twentieth century.

As mentioned in Chapter Four, the theoretical framework of this study shows the importance of pressure from internal or external stakeholders. It is suggested that company CSR policies are mostly driven by stakeholder pressure and the need to establish a good reputation and retain legitimacy, both of which are essential in order to maintain the social licence to operate in a local context.

The evidence presented in Chapter Six, based on an analysis of archive documents of Aramco executives and stakeholder organisations, strongly suggests that Saudi government pressure and anti-Aramco protests influenced the company’s management and motivated them to develop and implement an ambitious CSR agenda in Saudi Arabia. Aramco was tasked by the Saudi government with producing oil to generate income in order to meet the financial commitments of the state. The company was also expected to contribute to the economic and social development of the country. In meeting these obligations, Aramco implemented impression management strategies to influence the perceptions of its stakeholders by presenting itself as a socially responsible company (Tata and Prasad, 2015). The emphasis was on assertive
as opposed to defensive strategies as the company was seeking to present a positive image of its CSR activities (Aerts, 1994).

The findings demonstrate the challenge that developing nations face in trading their national assets in return for economic prosperity. National aspirations to establish control over assets is dependent upon local people being educated and trained to take up the managerial and technical positions held by foreign nationals working for multinational companies. The challenge for the companies is how to balance the pursuit of their interests against those of governments seeking economic development. Furthermore, the findings show that Aramco was spurred on more by the desire to retain control over Saudi oil assets than by any philanthropic rationale. Control was exercised to a large extent through racism and discrimination in the workplace, and through housing and health regulations. For example, over much of the period studied, segregation was routinely practised in employment policy concerning skills and career opportunities. The Saudi workforce was trained in specific job-related skills with few prospects of advancement to higher-level positions. The increase in training and education provision at the beginning of the 1960s was to enable the replacement of expensive American workers, and partly in response to pressure from the Saudi government. From the mid-1960s, an increasing number of Saudis were trained to take up supervisory positions. Aramco adopted assertive impression management techniques focused on enhancement and exemplification to stress its commitment to educating and training Saudi employees. However, managerial positions were still overwhelmingly held by Americans at the beginning of the 1970s, even as the Saudi government increased its stake in Aramco. This made it difficult for the Saudis to manage their oil assets independently of American management.

Housing and healthcare were similarly segregated. Saudis were initially housed in barasti-type dwellings and dormitories and kept apart from their families, whilst white Americans and Europeans lived in purpose-built camps with their families. These camps contained air-conditioned bungalows, swimming pools and other amenities denied to the Saudi workforce. This segregation both reflected and reinforced the power and hierarchical status of different groups of workers. From the 1950s, however, Aramco did subsidise a home loan scheme for Saudi employees.

The company adopted a narrative of exemplification to state how much finance it was providing for home loans and how many employees participated in the scheme. This was not attributed to altruism but was a cheaper alternative than providing free housing comparable to that enjoyed by American employees. Furthermore, Saudi employees wanted to build homes in their villages as opposed to urban sites. Aramco acceded to this request since their local employees preferred to live in households with their extended families (Citino, 2017).
There is little doubt that the Saudi population benefited from the investment made by Aramco in the provision of medical facilities. There are, however, two sides to this coin. The company required a fit and healthy workforce. Aramco pursued a strategy mainly of exemplification to demonstrate its commitment to eradicating diseases such as malaria and trachoma, and generally to improving the health of the population. The focus was on the provision of finance to provide services and support the number of patient visits.

7.2.2 Corporate Policies of Saudi Arabia

As discussed in chapter two, Saudi Arabia’s industrialising base and secure government make it an ideal benchmark for gaining an understanding of how government actions shape business strategies. In addition, given the fact that the Saudi economy drives the development of the entire Gulf region, the policies it implements will have a major impact on the growth and opening up of opportunities for business in those countries of Asia and the Middle East which, either totally or partly, depend on the Gulf for their exports, oil imports and the income generated by their expatriate community.

Since Saudi Arabia has undergone a great many stages of development in an astoundingly short period of time, we have been able to monitor and scrutinise public and private planning processes from a single vantage point, and gain a many-faceted view of the consequences and outcomes of every developmental stage, virtually concurrently. From one point of view, multinational companies doing business in Saudi Arabia are faced with overcoming various cultural hurdles and issues. In December 2005, Saudi Arabia officially joined the World Trade Organisation (WTO), and thereby agreed to implement policies which guarantee foreign products due process, and the right to political inclusion and information relating to trade and policymaking (Aaronson and Abouharb, 2011). Among the major areas of reform are the privatisation of sections of the prevailing state sector, and making direct investment more attractive to foreign companies, and thereby potentially ensuring the work environment is more culturally diverse.

From another perspective, Saudi Arabian companies form part of sophisticated networks and the majority of these companies have followed CSR guidelines, while ensuring that their policies reflect and are aligned with Islamic principles and procedures (Khan et al., 2013). Many commentators have noted that the CSR initiatives introduced into Middle Eastern and Gulf Cooperation Council (GCC) states tend to be guided by a philanthropic approach, rather than focus on the long-term strategic benefits they could bring. Ali (2014) adds that this is also true of companies which are based in Saudi Arabia. Nevertheless, on the basis of an analysis of the
evidence contained in the empirical chapters, it is clear that CSR can be harnessed to improve negotiating and bargaining stances, as well as to support social control and behavioural norms. In order to minimise the potential widespread loss of overall control, CSR must be clearly and meticulously defined, and its scale and reach must be restricted.

7.2.3 Labour Policies and Saudization Policies of Saudi Arabia

Aramco, like every other multinational company carrying out business in Saudi Arabia, has come under pressure to “Saudise” their workforce. To date, there has been no historical account available which considers how the Saudi workforce has been trained and developed, and the contribution made to this process by Aramco. The company has played a key role in professionally developing Saudi citizens, and yet shortages and imbalances in the workforce continue to blight Saudi Arabia’s path to economic growth and political stability (Viola, 1986).

In chapter two, it was noted that the concept of Saudization is not a new one, and dates back to 1949, when the Aramco Production Training Program was first launched. This initiative combined on the job practical training and theoretical classes, and was the first companywide program to coach and train Saudis to carry out job roles which had traditionally been filled by expatriates. From the time the KSA was first unified, the Saudi government was determined to ensure its citizens could access both education and work opportunities in their homeland. The Saudization program has divided opinion among researchers, who cannot agree whether it has been effective or whether the policy has any long-term merit (Looney, 2004; Al Sultan, 1998; Al-Sheikh, 2001). The majority of experts are fairly optimistic, but emphasise the importance of introducing labour and wage reforms. Other researchers, such as Al Toaijery (2001) and Abdul Rahman (2006), argue that in the long term, demographic trends will exacerbate the current problems, unless the government steps in and ensures that the younger generations are provided with employment opportunities. Ramady (2010,p.365) points out that Saudization has been more successful in the public sector, where it is easier to control hiring procedures and replace foreign staff with Saudi citizens. The private sector, however, is lagging behind. Thus it is essential to ensure that structures are put in place and enforced, both within the private and the public sector, if Saudi Arabia’s economic reforms are to be implemented in practice and not remain largely marginalised and overlooked. If Vision 2030 is to be realised, and its goals are to be met, then Saudi Arabia must undertake the reform of the labour laws which shape the current labour market.
Saudization is an admirable goal, in theory. However, in practice, it creates a number of issues, in view of the fact Saudi citizens are incentivised to secure private jobs, while employers are presented with economic incentives to hire Saudi workers. Nevertheless, even if a comprehensive and robust policy package is created, it will be difficult to transition to the point where most Saudi employees work in the private sector. One major obstacle is the fact that, traditionally, Saudi Arabia’s male citizens were provided with guaranteed government jobs, and this assumption and expectation will need to be changed without causing political waves. It may well prove necessary to overhaul the Saudi wealth distribution system, rather than simply focus on labour fees and subsidies, for the strategy to succeed.

Saudi Arabia will not meet the goals set out in Vision 2030, and beyond, unless it tackles the problem of creating enough private jobs for new generations of job seekers, who hold the key to the country’s socio-economic development and prosperity. The government has introduced a number of new policies in several economic areas, but has yet to update and modernise labour market regulation – which has largely been ignored since Vision 2030 was launched. Other GCC countries have made greater strides in introducing labour reforms and trying new approaches to labour policies. Now that the government has demonstrated it is prepared to innovate and disregard taboos, the KSA must focus on modernising its labour laws and thereby tackle the causes which prevent Saudi citizens from taking private employment. If these causes are addressed, Saudi workers will start to play an important role in diversifying the economy of the country.

7.3 Contributions of the research

The primary original contribution of the study is its adoption of a longitudinal, historical analysis of the interrelationship between a company’s CSR activities and impression management strategies. This provides a richer understanding of how companies seek to present images of themselves in changing economic and political environments. This thesis also makes several key theoretical, methodological and Data contributions to CSR and impression management research and also to the broader accounting literature.

7.3.1 Theoretical contribution

Without denying the benefits of dominant theories in CSR research, this thesis contributes to the CSR literature by responding to the call for novel theoretical framing in social and sustainability research (Unerman and Chapman, 2014). There is a growing literature on
impression management theory which brings a fresh theoretical perspective to investigations of how a company’s narrative changes in response to the shifting imperatives of stakeholders (Van Halderen et al, 2016). Previous studies have generally examined CSR in historical context (Abdelrehim et al 2011; Stutz, 2019; Loison et al, 2020). However, this study uses an impression management framework to examine a CSR agenda in historical context, showing how CSR reporting and impression management can be combined by companies in supporting and justifying racism and discrimination in a developing country. Furthermore, the thesis also contributes to an understanding of “the ideological effects of the discourse of CSR” (Flemings, Roberts, & Garsten, 2013, p.342), and how in tandem with impression management CSR is used to protect a company’s corporate image both domestically and internationally.

7.3.2 Methodological contributions

The thesis contributes to CSR research by investigating it in a specific historical context. This is an area where historians of business and entrepreneurship can provide insights into the development of CSR and how it has been historically and strategically utilised by companies. To do this, a triangulation approach was used in this study to examine CSR policy in the Aramco company during the twentieth century, including on the one hand the use of qualitative methods in the application of a case study strategy and a narrative approach to the interpretation of relevant documents. As mentioned in chapter five, this case study method has been used to contribute in-depth research into Aramco and the major events that shaped its CSR policy. A huge volume of archive documents has been collected, including official US and UK government documents, company annual reports, and press and media material. According to De Jong et al (2015, p.14), the typical approach taken in business history, which is case study analysis, still maintains its prominent position because “single case studies provide detailed descriptions of a company or an industry, over a specified time period and facilitate examination of motivations and exploration of causal relations which are extremely valuable in the scientific process”.

On the other hand, the use of quantitative methods allows further analysis of Aramco’s annual reports using DICTION software which was primarily designed to facilitate the interpretation of various types of texts, including business texts such as company annual reports. DICTION software, which is a computer-assisted textual analysis tool, was used to analyse text in the 42 annual reports produced by Aramco between 1938 and 1974. The software contains 31 dictionaries (Hart, 2000), and five ‘master’ variables: certainty (involving language indicating resoluteness, inflexibility, completeness, authority); optimism (endorsement of a
person, group, concept or event); activity (movement, change, implementation of ideas, avoidance of inertia); realism (tangible, immediate, recognisable matters affecting people’s lives); and commonality (agreed values of a group and the rejection of idiosyncratic modes of engagement). The language of commonality is used when aiming to establish mutual understanding and relationships with a target audience by emphasising common values such as a sense of society and commitment towards common goals (Patelli and Pedrini, 2015). There are also four scored variables: insistence (the use of repeated words; with the insistence score included in the formula for ‘certainty’); variety (preference for precise statements and avoidance of overstatement); embellishment (ratio of adjectives to verbs); and complexity (abstract and unclear).

Numerous options are available when conducting research using computer-aided content analysis; however, the majority of such software programs depend heavily on word frequency counts (Morris, 1994). In contrast to other programs, DICTION concentrates on the power of verbal tone and word choice. The software was designed by communications researchers (Short and Palmer, 2008). Recently, for example in the accountancy literature, DICTION has gained popularity and validity, as demonstrated by recent studies using it to analyse various types of texts (Fogarty and Rogers, 2005; Rogers et al., 2005; Cho et al., 2010; Davis and Tama-Sweet, 2012; Mobus, 2011; Craig and Brennan, 2012; Abdelrehim, 2014; Zaharopoulos and Kwok, 2017). However, DICTION analysis is only of worth when researchers and academics can place its findings into context and then interpret the significance of the results. According to Amernic et al. (2010, p.160), “Users of DICTION must recognise that its principal benefit is in providing indicators of overall trends in word use by CEOs, rather than offering definitive conclusions”.

To sum up, DICTION can be extremely useful in research involving the usage of language because it allows for the integration of theoretically rich word count techniques with the benefits of artificial intelligence methods, which is a combination rare in accounting research (Short and Palmer, 2008). According to Cho et al. (2014, p.228), “DICTION is an effective methodological tool for environmental disclosure researchers to use when they need to analyse a large sample of corporate environmental disclosure texts using a systematic and theoretically meaningful method”. Consequently, the use of mixed methods in this study provides greater methodological diversity in accounting research. This fills an important gap in the CSR and accounting literature, since historical accounting research has seldom used quantitative methods (De Jong et al, 2015), although this can provide a wider and richer understanding of observed phenomena.
7.3.3 Data contribution

The most significant contribution of this study is the use of a selection of major but previously neglected historical documents, including the annual reports of Aramco company from 1938-1974. The sources and archive materials consulted and also the procedure used to collect these from abroad is detailed in section 5.4 and table 7. As mentioned previously, the literature in this field depends heavily on secondary sources, which are considered to be an important resource in research. In the case of Aramco, the company does not allow public access to its internal corporate documents. The present researcher therefore had to rely upon publicly available sources in English and Arabic to examine Aramco’s role in the development of Saudi Arabia. These included material in private manuscript collections, such as: the Harry Roscoe Snyder Papers and the Philip McConnell Papers, which are both held in the Hoover Institution Archives at Stanford University; the Karl Twitchell and William Eddy papers held at the Seeley G. Mudd Manuscript Library, Princeton University; the William E. Mulligan papers and Joseph Mahon papers which are held in the Special Collections at Georgetown University; and the George Rentz Papers maintained in the Special Collections and University Archives of Stanford University. Also consulted were American government documents, corporate websites, and company reports delivered to internal and external stakeholders such as Aramco World, the Aramco Handbook, Aramco Statistical Review and Aramco Expats, along with a two-volume history of the company entitled Energy to the World: the Story of Saudi Aramco (McMurray, 2011); oral histories; British government documents; newspaper stories; academic articles; and books. These heterogeneous materials enabled the triangulation and verification of data and the construction of a historical case study of the development of Aramco (Kipping et al., 2014, p.317).

Consequently, these data provide references for academics and researchers interested in this field. Annual reports can be seen as strategic documents, as they reflect impressions of a company’s activities, and thus they are important in mediating between different stakeholder groups. These annual reports of Aramco company were written in the English and Arabic languages. However, the present analysis used only the English copy of these reports because the computer programs employed cannot be applied with Arabic text.

7.4 Limitations of the study

Although this study makes key contributions to the understanding of Western company policy in developing countries, the researcher acknowledges that the findings have a number of limitations. Firstly, the study focused on one company over a forty-two-year period in the pre-nationalisation phase from 1932 to 1974. As discussed in Chapter 3, Aramco has divided its
development into three stages, namely pre-nationalisation (1932-1974), transition (1974-1980), and post-nationalisation (1980-2020). Because it is impossible to cover three periods in the thesis, the researcher focuses on one stage in the company, namely pre-nationalisation. As a consequence, the findings from a single case study cannot be generalised to other populations. Further research involving the evaluation of multiple cases should be carried out before generalisations are made.

Secondly, access could not be gained to the company’s archive of documents held in Saudi Arabia because the company does not allow researchers to access their archives. However, the researcher did have access to government documents held in the UK and the USA, as well as documents deposited in archives by previous employees. Although this procedure to obtain the archives from abroad was essential in conducting this study, the researcher encountered a number of difficulties. Firstly, there was the cost of these archives materials. Despite digitisation, obtaining these archives was still very costly, between £400 and £800 for each electronic copy. It is important to note that the data available to researchers on the company website was offered at the company's discretion, which means that only data that it wanted others to see was present and undesirable data was hidden. Secondly, it took time to gain access to these materials. While research assistants keen to deliver the archive materials as soon as possible, the procedure to book and enter the special collection room took from one to three days.

Thirdly, this study aimed to explain and interpret the available sources in a particular historical context using historical data to develop theoretical concepts. However, the study did not test a specific hypothesis as advocated for de Jong et al. (2015). The application of additional empirical approaches in terms of data collection, analysis, and hypothesis testing in business history requires the more structured use of case studies. This kind of research will enhance the opportunities for scientific explanations in business history.

Finally, although using DICTION allows the researcher to gain a clear picture of Aramco disclosures through the analysis of the documents, the research had to convert the documents to PDF or Word to analyse them.

7.5 Suggestions for future research
Based on the current study, the following potential avenues for future research are suggested:

- Future research may explore how Aramco practised CSR following the nationalisation of the company when it became owned by the Saudi government. These studies can examine CSR activity in post-nationalisation (1980-2020) and the findings compared to those of the current study. Although the archival data set ends in 1973 when the
American companies ceased their dominant role there seems sufficient secondary sourced information to bring the discussion into later periods. This would be useful and show how more modern conceptualizations of CSR have affected ARAMCO’s operations and its interactions with both employees and the governments of Saudi Arabia and the USA, particularly.

- Another possible way by conducting the same period pre-nationalisation period of other Middle East oil companies in Middle East and comparing the result with Aramco company. Future historical and longitudinal research could also examine CSR reporting and impression management strategies of other multinational companies operating in developing countries;

- While this study provides some evidence on impression management theory and how companies using these strategies to achieve a positive reputation when performing CSR, more studies related to the impression management strategy could be undertaken. According to Abdelrehim et al. (2015, p.153) ‘the companies used impression management to deal with the challenges that have faced because they recognised the value of impression management in countering criticism, to reassure investors, to justify themselves and to underwrite the policy of governments’.

- Future research may gain access to Aramco’s archives in order to provide richer data sources for analysis. This data would allow researchers to examine the Chief Executive Officers’ (CEOs) statements and their private letters to gain insights into the languages of major corporations with DICTION software;

- Additional research could use this program to examine the annual reports of other oil companies in the Middle East and elsewhere. The use of DICTION software has enabled computerised content analysis to form insights into the language used in company reports and allow researchers to assess outcomes in terms of corporate control patterns.
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Appendixes

Appendix A. Agreements between the Saudi Arabian Government and the Arabian American Oil Company
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**THIS AGREEMENT**

made between His Excellency, Sheikh Abdul Al-Hamid, Minister of South Arabia, acting on behalf of the South Arabian Government (hereinafter referred to as the “Government”) of the one part, and L. N. Hamilton, acting on behalf of Standard Oil Company of California (hereinafter referred to as the “Company”) of the other part.

It is hereby agreed between the Government and the Company in manner following—

**ARTICLE 1.**

The Government hereby grants to the Company, on the terms and conditions hereinafter mentioned, and with respect to the area described below, the exclusive right, for a period of sixty years from the effective date herein to explore, prospect, drill for, extract, refine, manufacture, and deal with, carry away and export petroleum, asphalt, asphaltite, natural gas, bitumen, and other hydrocarbons, and the derivatives of all such products. It is understood, however, that such rights do not include the exclusive right to sell crude or refined products within the area described below or within South Arabia.

**ARTICLE 2.**

The area covered by the exclusive rights referred to in Article I herein is all of certain South Arabian, from its eastern boundary (including islands and territorial waters) seaward to the westward edge of the Dhahran and from the southwestern boundary to the northern boundary of South Arabia, provided that from the northwestern boundary of the area in question shall continue in a straight line north thirty degrees west to the southwestern boundary of South Arabia, and from the eastern end of the western edge of the Dhahran such boundary shall continue in a straight line south thirty degrees east to the northern boundary of South Arabia.

For convenience the area may be referred to as the “exclusive area.”

**ARTICLE 3.**

In addition to the year of the exclusive area described in
Article 21 of this agreement, the Governor also hereby grants to the Company a preference right to acquire an oil concession covering the balance of the land in South Arabia extending as far west as the boundary of the exclusive area as described in this agreement. This preference right includes all rights as the Governor may now or hereafter own or acquire. The Governor agrees to exclude from the amount of the ten leases by way of deductions from one-half of the acreage that the Governor now owns or may hereafter own or acquire, any area of the said concession or any part thereof. The ten leases hereinafter referred to shall be subject as to such extent as may be necessary or advisable for a better understanding of the geological character of the exclusive area.

ARTICLE 4.
Within the time agreed in Article 18 of this agreement, the Company shall make an initial lease to the Government of thirty thousand pounds gold, or its equivalent.

ARTICLE 5.
The Company shall pay the Government annually the sum of five thousand pounds gold, or its equivalent. For convenience this payment is to be made in annual instalments payable at the end of each fiscal year. The first annual instalment shall be paid within the time agreed in Article 18 of this agreement. Thereafter, the fiscal year shall be the time during which the annual instalment is payable. The second instalment shall be paid within thirty days after the end of the fiscal year. The Company shall pay the Government the sum of thirty thousand pounds gold, or its equivalent, on or before the fifteenth day of each fiscal year.

ARTICLE 6.
If this contract has not been terminated within eighteen months from the date of this contract, the Company shall make a second loan to the Government amounting to twenty thousand pounds gold, or its equivalent, on or before the fifteenth day of each fiscal year. This loan shall be payable within thirty days after the end of each fiscal year. The Company shall pay the Government the sum of thirty thousand pounds gold, or its equivalent, on or before the fifteenth day of each fiscal year.

ARTICLE 7.
The Government, through duly authorized representatives, may, during the usual hours of operation, inspect and examine the operations of the Company under this contract and may verify the amount of production. The Company shall furnish to the Government a statement of all production, including both oil and gas, and shall keep true and correct accounts of all products, produced and sold, and shall deliver to the Government at such places and in such manner as the Government may require, all reports, returns, and other statements of such accounts or documents prepared by the Company in connection with the business of this contract. The Company shall make such reports and statements to the Government as may from time to time be required by the Government.

ARTICLE 8.
In the event of any controversy arising between the parties to this agreement, the same shall be submitted to the arbitration of three arbitrators, one to be appointed by the Government and two to be appointed by the Company. The decision of the arbitrators shall be final and conclusive, and the parties shall be bound by the same.

ARTICLE 9.
If the Company fails to make any payment due under this agreement when due, the Government may, at its option, terminate this agreement, and the Company shall pay the Government the sum of one hundred thousand pounds gold, or its equivalent, forthwith after notice of termination.

ARTICLE 10.
In the event of any controversy arising between the parties to this agreement, the same shall be submitted to the arbitration of three arbitrators, one to be appointed by the Government and two to be appointed by the Company. The decision of the arbitrators shall be final and conclusive, and the parties shall be bound by the same.

ARTICLE 11.
In the event of any controversy arising between the parties to this agreement, the same shall be submitted to the arbitration of three arbitrators, one to be appointed by the Government and two to be appointed by the Company. The decision of the arbitrators shall be final and conclusive, and the parties shall be bound by the same.

ARTICLE 12.
In the event of any controversy arising between the parties to this agreement, the same shall be submitted to the arbitration of three arbitrators, one to be appointed by the Government and two to be appointed by the Company. The decision of the arbitrators shall be final and conclusive, and the parties shall be bound by the same.

ARTICLE 13.
In the event of any controversy arising between the parties to this agreement, the same shall be submitted to the arbitration of three arbitrators, one to be appointed by the Government and two to be appointed by the Company. The decision of the arbitrators shall be final and conclusive, and the parties shall be bound by the same.

ARTICLE 14.
In the event of any controversy arising between the parties to this agreement, the same shall be submitted to the arbitration of three arbitrators, one to be appointed by the Government and two to be appointed by the Company. The decision of the arbitrators shall be final and conclusive, and the parties shall be bound by the same.

ARTICLE 15.
In the event of any controversy arising between the parties to this agreement, the same shall be submitted to the arbitration of three arbitrators, one to be appointed by the Government and two to be appointed by the Company. The decision of the arbitrators shall be final and conclusive, and the parties shall be bound by the same.

ARTICLE 16.
In the event of any controversy arising between the parties to this agreement, the same shall be submitted to the arbitration of three arbitrators, one to be appointed by the Government and two to be appointed by the Company. The decision of the arbitrators shall be final and conclusive, and the parties shall be bound by the same.

ARTICLE 17.
In the event of any controversy arising between the parties to this agreement, the same shall be submitted to the arbitration of three arbitrators, one to be appointed by the Government and two to be appointed by the Company. The decision of the arbitrators shall be final and conclusive, and the parties shall be bound by the same.

ARTICLE 18.
In the event of any controversy arising between the parties to this agreement, the same shall be submitted to the arbitration of three arbitrators, one to be appointed by the Government and two to be appointed by the Company. The decision of the arbitrators shall be final and conclusive, and the parties shall be bound by the same.

ARTICLE 19.
In the event of any controversy arising between the parties to this agreement, the same shall be submitted to the arbitration of three arbitrators, one to be appointed by the Government and two to be appointed by the Company. The decision of the arbitrators shall be final and conclusive, and the parties shall be bound by the same.

ARTICLE 20.
In the event of any controversy arising between the parties to this agreement, the same shall be submitted to the arbitration of three arbitrators, one to be appointed by the Government and two to be appointed by the Company. The decision of the arbitrators shall be final and conclusive, and the parties shall be bound by the same.
ARTICLE 20. The Company, at its own expense, shall employ the necessary number of guards and guards to protect its representatives, its camps and installations. The Government promises to cooperate fully in supplying the best soldiers and all materials available for this responsibility, and in furnishing every reasonable protection at once not rendering these necessary paid by the Government or others for similar service, it being understood that the expense for such services shall be paid by the Company through the Government.

ARTICLE 21. It is for the obligations assumed by the Company under this contract, and for the payments required from the Company hereunder, the Company and successors shall be exempt from all direct and indirect taxes, import duties, fees and duties (including, of course, import and export duties). It being understood that this privilege shall not extend to the sale of products within the country, nor shall it extend to the personal requirements of the individual employees of the Company. Any materials incurred cost for duty may not be sold within the country unless paid by the corresponding import duty.

ARTICLE 23. The Company for the execution of this contract and for the payments required from the Company hereunder, the Company and successors shall be exempt from all direct and indirect taxes, import duties, fees and duties (including, of course, import and export duties). It being understood that this privilege shall not extend to the sale of products within the country, nor shall it extend to the personal requirements of the individual employees of the Company. Any materials incurred cost for duty may not be sold within the country unless paid by the corresponding import duty.

ARTICLE 24. The Company for the execution of this contract and for the payments required from the Company hereunder, the Company and successors shall be exempt from all direct and indirect taxes, import duties, fees and duties (including, of course, import and export duties). It being understood that this privilege shall not extend to the sale of products within the country, nor shall it extend to the personal requirements of the individual employees of the Company. Any materials incurred cost for duty may not be sold within the country unless paid by the corresponding import duty.
ARTICLE 29
In case of the breach by the Company of its obligation to make the second half of twenty thousand pounds gold, or its equivalent, as provided in Article 19 hereof, or of its obligations to buy and deliver the goods enumerated in Articles 18 and 21 hereof, or of its obligation to make the payment provided for in Article 20 hereof, it shall be entitled to recover from the Company an amount equal to the damages which may be ascertained upon the Company's default. The amount of such damages shall be such as may be agreed upon by the parties, and in default of agreement shall be fixed by the courts of arbitration.

ARTICLE 30
Except as otherwise provided in Article 29 hereof, the right of the Company or any of its obligees under this contract shall be enforceable against the Company and the Government under the following conditions:

The Government shall at once notify the Company of any breach of the terms of this contract. Any controversy which may arise in respect of the breach or any question connected therewith shall be submitted to arbitration in the manner provided for in Article 31 hereof. Once the fact of the commission of the breach has been established, the failure of the Company to take immediate steps to remedy the breach shall subject the Company to the payment of damages to the Government, and if such damages cannot be agreed upon they shall be determined by arbitration in the manner provided for in this article. The amount of such damages which may be so determined shall be paid to the Government by the Company within sixty days after such determination.

ARTICLE 31
If any dispute, difference, or dispute shall arise between the Government and the Company concerning any provision of this contract, or anything herein contained, the said controversy shall be subject to arbitration in the manner provided in Article 30 hereof. If, however, the parties herein- dior or any other person shall desire to arbitrate such a dispute or difference, the said controversy shall be submitted to arbitration in the manner provided in Article 30 hereof.

ARTICLE 32
It is understood that the parties to this contract shall be bound by the provisions thereof, and that the same shall be governed by the laws of Saudi Arabia.

Jiddah, Saudi Arabia, May 29, 1935
(accepted on the 4th. day of Salat, 1352, A.D.)

Dear Mr. Al-Hattar:

The Company has been advised that a contract has been entered into on behalf of the South Arabian Government, and by the undersigned, on behalf of Standard Oil Company of California, relating to the sale of crude oil to the South Arabian Government. As a consequence of this agreement, the Company has decided to purchase the crude oil at the price and in the manner as stipulated in the said contract, subject to the conditions therein set forth.

The Company is grateful for the assistance rendered and extends its thanks to the South Arabian Government for its cooperation in this matter.
the Saudi Arabian Government shall be a right to view, with respect to the rights of the Government in the Neutral Zone, the terms and conditions which may be obtained by the Shaikh of Kuwait for a concession covering his rights in the Neutral Zone, in the absence of any grant of an oil concession covering said rights of the Shaikh of Kuwait, the Government will endeavor to obtain such an agreement with the Shaikh of Kuwait wherein the Company will be permitted to acquire an oil concession covering the rights of the Government and of the Shaikh of Kuwait in the Neutral Zone. In either of these two events, the Company shall have a period of thirty days from the date it makes written notice thereof to the terms and conditions of the oil concession covering the rights of the Shaikh of Kuwait in the Neutral Zone, or covering the terms of the present concession embracing the rights of the Government and of the Shaikh of Kuwait in the Neutral Zone, as the case may be, within which to decide and notify the Government whether or not the Company wishes to acquire the oil concessions in such terms. If the Company does not wish to do so, the Government is free to negotiate with others, but if the oil concession should not be granted to others on the same terms as those offered to the Company, the preference right of the Company shall continue, at least as long as the provisions of Article 7 of the Saudi Arabian Concession remain in force.

1. Article 22 of the Saudi Arabian Concession states that the use of aerial photographs shall be subject to a separate agreement. The purpose of the present letter is to set forth the agreement as of 2011. In view of the circumstances now prevailing in Saudi Arabia as to the use of aerial photographs within the country by any one other than the Government, it is hereby agreed that so long as such provisions remain in force, the Government undertakes to provide at the request and at the expense of the Company all necessary service to operate and maintain its operations within the area covered by the Saudi Arabian Concession. Such service shall be limited to the purpose of the operations, if any aerial-photographs should be taken for propaganda or mapping purposes, the Government and the Company shall each receive copies, also at the expense of the Company.

2. The consent of the Government must be obtained before the Company shall have any right to examine the Neutral Zone area to its Article 3 of the Saudi Arabian Concession.

OFFICIAL AGREEMENT

On behalf of the Saudi Arabian Government.

Agreement Confirmed

Agreement confirmed by

(Seal)

L. N. HAMILTON

On behalf of Standard Oil Company of California.

Agreement Confirmed

(Seal)

(Seal)

On behalf of Standard Oil Company of California.

ARTICLE 1.

This Agreement, known as the Additional Agreement, is supplementary to the Agreement referred to as the “Saudi Arabian Concession” (made between the Government of the one part and the Saudi Arabian Concession and the Company) as an addendum thereto and referred to as the “Saudi Arabian Concession”). Notwithstanding the terms of the Agreement referred to as the “Saudi Arabian Concession”), the Company, acting on behalf of the Saudi Arabian Government (hereinafter referred to as the “Government”), and the Company, acting on behalf of the Saudi Arabian Concession and the Company, have agreed upon the terms of this Agreement, and the Company has agreed to be bound by the terms of this Agreement.

ARTICLE 2.

The Saudi Arabian Concession and the Additional Agreement have been duly executed by the parties thereto, and the agreement of the Government, all in accordance with Article 32 of the Saudi Arabian Concession, and the Company has duly authorized and is bound to the terms and conditions of the Additional Agreement.

ARTICLE 3.

On the 30th day of July, 1939 (corresponding to the 30th day of Shaban), the Company declared, under the terms of the Additional Agreement, that it had been determined to execute the Additional Agreement and that the Company, in consideration of the Company, has executed and delivered this Agreement.

ARTICLE 4.

Both the Government and the Company are now deemed to be the legal successors of the territory granted to the Company by the Saudi Arabian Concession, and of taking such other

THIS AGREEMENT is made between His Excellency, Shaikh Abdullah Bin Jabor Al Hamli, Minister of Finance of Saudi Arabia, acting on behalf of the Saudi Arabian Government hereinafter referred to as the “Government” or the “Company”, and William J. Lambas, acting on behalf of California Amherst Standard Oil Company (hereinafter referred to as the “Company”), on the other part.

IT IS HEREBY AGREED between the Government and the Company in manner following:

ARTICLE 1.

This Agreement, known as the Additional Agreement, is supplementary to the Agreement referred to as the “Saudi Arabian Concession” (made between the Government of the one part and the Saudi Arabian Concession and the Company) as an addendum thereto and referred to as the “Saudi Arabian Concession”). Notwithstanding the terms of the Agreement referred to as the “Saudi Arabian Concession”), the Company, acting on behalf of the Saudi Arabian Government (hereinafter referred to as the “Government”), and the Company, acting on behalf of the Saudi Arabian Concession and the Company, have agreed upon the terms of this Agreement, and the Company has agreed to be bound by the terms of this Agreement.

ARTICLE 2.

The Saudi Arabian Concession and the Additional Agreement have been duly executed by the parties thereto, and the agreement of the Government, all in accordance with Article 32 of the Saudi Arabian Concession, and the Company has duly authorized and is bound to the terms and conditions of the Additional Agreement.

ARTICLE 3.

On the 30th day of July, 1939 (corresponding to the 30th day of Shaban), the Company declared, under the terms of the Additional Agreement, that it had been determined to execute the Additional Agreement and that the Company, in consideration of the Company, has executed and delivered this Agreement.

ARTICLE 4.

Both the Government and the Company are now deemed to be the legal successors of the territory granted to the Company by the Saudi Arabian Concession, and of taking such other

This content is from a document discussing the terms of an agreement between the Saudi Arabian Government and a company, likely related to oil rights in Saudi Arabia. The agreement includes provisions for the acquisition of an oil concession covering the rights of the Saudi Arabian Government and the Shaikh of Kuwait in the Neutral Zone. It also outlines the conditions under which the Company may acquire such a concession and the responsibilities of the Government. The document appears to be a legal or business contract, focusing on the rights and obligations of both parties regarding the use of aerial photographs and the examination of the Neutral Zone area. The agreement is dated 2011, and it is confirmed by the signature of L. N. Hamilton, possibly the representative of the Saudi Arabian Government, and by the seal of the Standard Oil Company of California. The agreement includes a formal acknowledgment and agreement clause, detailing the terms and conditions of the additional agreement as a supplement to the original Saudi Arabian Concession.
Each of the foregoing payments shall be made within 30 days from the date upon which it becomes due and shall be made in dollars at the rate of exchange prevailing in Articles 17 and 18 of the Saudi Arabian Constitution.

The foregoing payments owe to be made by the Company in addition to any other payments by way of royalty or otherwise otherwise already provided for by the Saudi Arabian Constitution or yet unpaid, and without prejudice to the rights of the Company to recover advances already made under Articles 6, 8, and 11 or yet to be made under Article 11 of the Saudi Arabian Constitution shall not in any event exceed the value indicated under Article 12 of the Saudi Arabian Constitution.

ARTICLE 5.

From the effective date of this Agreement, the terms and provisions of the Saudi Arabian Constitution, as heretofore amended, shall include and extend to—

(a) All lands, islands, waters, territories and interests included in Article 2 of the Saudi Arabian Constitution, the description of which is repeated from the Saudi Arabian Constitution in Part One of the Schedule to this Agreement;

(b) All lands, territories and interests described and referred to in Part Two of the Schedule to this Agreement, and

(c) All rights, titles, and interests of the Government, now or hereafter in or to the two territories described in Part Three of the Schedule to this Agreement and known respectively as the "South Arabian Neutral Zone" and the "South Arabian Neutral Zone", and all rights and interests of a successor or of a terminal nation now or hereafter appurtenant to such two territories or either one of them. And the Saudi Arabian Constitution shall be and hereby modified to include all the lands, islands, waters, territories and interests of the Government described and referred to in the foregoing proviso of this Article, and hereinafter the South Arabian Constitution and by and under this Agreement shall be read accordingly. And, for convenience all such lands, islands, territories and interests and interests may be referred to as the "exclusive area".

ARTICLE 6.

The following special provisions shall be applicable and shall have force and effect as from the effective date of this Agreement:

For a period of ten years from the effective date of this Agreement, the Company shall be under no obligation to supply to the Government any portion of the exclusive area covered by the Saudi Arabian Constitution, as modified by this Agreement, or any part thereof. Any such provision or interest in the exclusive area as the Company may desire and may acquire, is to be used or held in connection with the exclusive area as set forth in this Article. The Company at any time during the ten years after the effective date of this Agreement, may acquire, develop, and operate any portion of the exclusive area, and shall have the right to hold, develop, and operate such portion of the exclusive area, for its own use and benefit.

ARTICLE 7.

The proviso of Article 9 of the Saudi Arabian Constitution shall hereinafter be replaced by the following provision, namely:

It is understood that, following the completion of said plant, production and operation thereof, the Company shall become the owner of the said plant, and that the Government may acquire the said plant, and that the Government may, in its discretion, acquire any portion of the said plant. This facility provided by the Company for the purpose of the Government shall not impede or endanger the Company's operation.
ARTICLE 11.

The provisions of Article 3 of the South Arab Commission and of Paragraphs 1, 2, and 3 of the Second Principal Agreement, as far as they relate to the areas referred to in the present agreement, are not effective until the agreement is ratified by the Government of the United States and the Government of the United States of America. The provisions of this Agreement shall become effective immediately upon its ratification by the Governments of the United States of America and the United States of America.

ARTICLE 12.

It is hereby declared that the provisions of Paragraphs 1, 2, and 3 of the Second Principal Agreement, as far as they relate to the areas referred to in the present agreement, are effective immediately upon its ratification by the Government of the United States of America and the Government of the United States of America.

ARTICLE 13.

As far as the United States of America is concerned, the provisions of Paragraphs 1, 2, and 3 of the Second Principal Agreement, as far as they relate to the areas referred to in the present agreement, are effective immediately upon its ratification by the Government of the United States of America and the Government of the United States of America.

ARTICLE 14.

This Agreement shall be signed in the United States of America and the United States of America and shall be effective immediately upon its ratification by the Governments of the United States of America and the United States of America.

ARTICLE 15.

The present agreement shall be subject to ratification by the Governments of the United States of America and the United States of America and shall be effective immediately upon its ratification by the Governments of the United States of America and the United States of America.

ARTICLE 16.

It is understood that this Agreement, as far as the areas referred to in the present agreement are concerned, is to be subject to ratification by the Governments of the United States of America and the United States of America and shall be effective immediately upon its ratification by the Governments of the United States of America and the United States of America.

The present agreement shall not be subject to the conditions referred to in the present agreement and shall be effective immediately upon its ratification by the Governments of the United States of America and the United States of America.

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Appendix B. Copy of letter confirming the permission to use archival material in this PhD Thesis

Department of Special Collections
Stanford University Libraries, Stanford, California 94305-6004

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Signature of applicant: [Signature]

Date: 06/15/2018
Appendix C. A summary of demands of Saudi Arabian Labourers

SUMMARY OF DEMANDS OF SAUDI ARABIAN LABOURERS

My brother the Labourer:

A meeting has been held between the Representatives of the labourers of the Ministry of Finance in Dammam, and between the Representatives of the Company in Dammam on the 23rd Dal Haja 1372 (4-7-53) in order to discuss your demands of which copies have been sent to H.E. the Crown Prince, Majlis Shura, Ministry of Foreign Affairs, Ministry of Finance, Office of Labour Affairs, Office of Metals and Companies in Jeddah, Emirate of Dahrar, Amir of Ras Tanura and Abqaiq and the local Newspapers (On Al Qura, Al Bilad Al Saudiya, Al Madinah Al Munawarah).

In the meeting we submitted a summary of your demands on the Agenda and some other necessary demands which are detailed below:-

My brother the Labourer,

We have devoted ourselves to serve you till the end and we ask God to help us in this service.

Living Allowance:-

The Saudi Arabian Labourer ask for the same living allowance paid to the Americans and the Italians which amounts to SR 500 and SR 1000.

Conditions of Labour:-

A. Terms of Labour are all the same for all employees and terms of Saudis may be worse.

B. Whether the Saudi Labourer is a new or a long service man, the treatment he gets from the Company is very bad.

C. No responsible posts are allotted to Saudis even if they remain for 20 years in the Company, whereas Americans take high and responsible jobs just after their arrival to Saudi Arabia after short period.

D. The Saudi Labourer is transferred from one Department to another just to keep him moving and not to master any job.

E. Residence and furniture:-

   The Saudi Labourer is not supplied with furniture for his room or his family residence as the Americans and other foreigners.

F. Building towns for the workers' families in the three provinces.

G. Not to keep more than two persons in one room.

H. A private room must be allotted to every employee, who spent more than 2 years in the service of the Company the same as the Americans.

Transportation:-

A. Transportation must be made from working places to the residences and back and to the nearby towns during the work and the official holidays.

B. Transportation during Annual Vacations:-

   The Company must pay for transportation fees whether by land or air when on annual leave.

/C.
C. Transportation of Saudi Labourers and their families to hospitals:

They must have transport to take the patients of the workers from their working places to the hospitals, and there must be vehicles to take the workers' families from the nearby towns. A special hospital be built for training their families and children.

Schools and Education:

A. Primary, intermediate and Secondary Schools be built for the children of the Saudi workers. This school must be under the supervision of the Government Education Department. There must be also technical schools where its teachers can be brought from the Arab countries. These schools should be furnished with air-conditioning, baths, mirrors, books and library, club and students' committee be formed. The Arabic language is the official and all lessons are taught in Arabic except the English language.

B. Illiteracy Campaign should be carried out during the Company's working hours in accordance with the order of H.R. The Crown Prince regarding education.

C. The Foreign Educational Scholarships:

50 workers and staff should be sent abroad to continue their studies and not necessary to the American University of Beirut or to the College at Aleppo. The students should be sent according to their qualifications, some to primary schools and some to University.

D. An institute must be opened to prepare students for abroad studies of Petroleum and Geology.

Amendments of Pay and Wages:

A. We must not follow the new regulations of promotion.

B. General increases to all Saudi labourers and staff till they reach the same standard as the foreigners who do the same jobs as the Saudis. The Saudi Labourer should be given the same rate of pay which is paid to Saudi labourers in other parts of the Kingdom.

C. Promotions must not be made on the basis of knowing the English language, but must be made on knowing how to do the job only.

D. Living Allowances must not only be paid to Middle Staff but to all staff and labourers.

New Staff and Medical and Qualification Examinations:

Salaries should be given to new applicants according to their certificates and they hold, or according to their ability on technical and trade. They should be treated like other senior staff. These applicants unfit for jobs physically must be treated and not to be deprived of work.

Facilities and other necessities:

A. Commissary and free parties on official occasions.

B. Not to forbid the Saudis from taking ice and boiling water.

C. Instal water taps in public and nearby vicinities.
Amendment of Annual and Sick Leaves:

14 days is not sufficient, and we ask for one month with full pay plus the sick leave and the short leave which the Americans get, and to facilitate for those employees wishing to spend their leave abroad especially in Summer.

Private Privileges:

There must not be private privileges for certain employees or staff, therefore, we ask for all the privileges which the Americans enjoy.

Propaganda and ARAMCO Papers:

The Company publishes topics and articles about the Saudi Kingdom and regarding the Saudi labourers and about the Service rendered by the Company, and how the Company has helped to raise the standard of their living. This is all exaggeration and the Company must bear responsibility in publishing such articles or to stop such propagandas. The Saudis ought to have their own papers to enable them to express their ideas freely like the Americans.

The Intentional Insults:

When you argue with an American he will be angry very soon and will start saying that the Saudis before the coming of ARAMCO were merely savage Bedouins, without food and homeless; this, they do not worth to live and they must not claim for demands or increase in pays etc.

Labour Regulations:

Compensation must be paid in accordance with the regulations. There must be pension system for the labourers, and those employees leaving the Company's service under unavoidable circumstances should be re-engaged and their past services be counted for them. The Labourers working for contractors who have connection with the Company must be considered as Company's employees.

Labour Corporation or an Official Labour Committee:

The incidents and problems happening every day between the labourers and the Company cannot be solved properly unless there exists a Labour Corporation defending their rights and demands. If the Government does not agree to have a Labour Corporation, we therefore ask that a Committee be recognised and supported by the Government be formed.

AN IMPORTANT REMARK

My brother the Labourers,

The Company representatives have asked for 5 weeks time to study your demands, and the Government Representatives and ourselves had agreed on this, and we shall keep you informed whenever we have meeting with them again.

My brother the Labourer,

Give no ear and attention to the circulating rumours which are spread by persons whose aim and purposes are to show to the Government and Public that you are not worthy of the demands and that you are savages and abuse by no rules and regulations. Remember those who spread the idea of the strike before "Sid Al Athiffa" just to spoil your name and keep you down, but you were not that stupid who could be deceived.

/. P.T.C.
easily, and it is wise of you when you refused and discovered their trick.

Be careful and cautious of such things.

- Foreman T. N. Smith

THE COMMITTEE OF THE SAUDI WORKERS REPRESENTATIVES IN ARAMCO.

The importance of the information contained in this report cannot be overstated. The management of ARAMCO is providing a significant source of income to the government of Saudi Arabia.
Appendix D. The definitions of the DICTION variables [Source: Hart, 2000]

CERTAINTY

Definition: Language indicating resoluteness, inflexibility, and completeness and a tendency to speak ex cathedra

Formula: [Tenacity + Levelling + Collectives + Insistence] – [Numerical Terms + Ambivalence + Self Reference + Variety]

TENACITY: All uses of the verb to be (is, am, will, shall), three definitive verb forms (has, must, do) and their variants, as well as all associated contraction’s (he’ll, they’ve, ain’t). These verbs connote confidence and totality.

LEVELLING: Words used to ignore individual differences and to build a sense of completeness and assurance. Included are totalising terms (everybody, anyone, each, fully), adverbs of permanence (always, completely, inevitably, consistently), and resolute adjectives (unconditional, consummate, absolute, open-and-shut).

COLLECTIVES: Singular nouns connoting plurality that function to decrease specificity. These words reflect a dependence on categorical modes of thought. Included are social groupings (crowd, choir, team, humanity), task groups (army, congress, legislature, staff) and geographical entities (county, world, kingdom, republic).

INSISTENCE: This is a measure of code-restriction and semantic contentedness. The assumption is that repetition of key terms indicates a preference for a limited, ordered world. In calculating the measure, all words occurring three or more times that function as nouns or noun-derived adjectives are identified (either cybernetically or with the user’s assistance) and the following calculation performed: [Number of Eligible Words x Sum of their Occurrences] ÷ 10. (For small input files, high frequency terms used two or more times are used in the calculation).

NUMERICAL TERMS: Any sum, date, or product specifying the facts in a given case. This dictionary treats each isolated integer as a single word and each separate group of integers as a single word. In addition, the dictionary contains common numbers in lexical format (one, tenfold, hundred, zero) as well as terms indicating numerical operations (subtract, divide, multiply, percentage) and quantitative topics (digitise, tally, mathematics). The presumption is that Numerical Terms hyper – specify a claim, thus detracting from its universality.

AMBIVALENCE: Words expressing hesitation or uncertainty, implying a speaker’s inability or unwillingness to commit to the verbalisation being made. Included are hedges (allegedly, perhaps, might), statements of inexactness (almost, approximate, vague, somewhere) and confusion (baffled, puzzling, hesitate). Also included are words of restrained possibility (could, would, he’d) and mystery (dilemma, guess, suppose, seems).
SELF-REFERENCE: All first-person references, including I, I’d, I’ll, I’m, I’ve, me, mine, my, myself. Self-references are treated as acts of indexing whereby the locus of action appears to reside in the speaker and not in the world at large (thereby implicitly acknowledging the speaker’s limited vision).

VARIETY: This measure conforms to Wendell Johnson’s (1946) Type-Token Ratio which divides the number of different words in a passage by the passage’s total words. A high score indicates a speaker’s avoidance of overstatement and a preference for precise, molecular statements.

OPTIMISM

Definition: Language endorsing some person, group, concept or event or highlighting their positive entailments.

Formula: [Praise + Satisfaction + Inspiration] – [Blame + Hardship + Denial]

PRAISE: Affirmations of some person, group, or abstract entity. Included are terms isolating important social qualities (dear, delightful, witty), physical qualities (mighty, handsome, beautiful), intellectual qualities (shrewd, bright, vigilant, reasonable), entrepreneurial qualities (successful, conscientious, renowned), and moral qualities (faithful, good, noble). All terms in this dictionary are adjectives.

SATISFACTION: Terms associated with positive affective states (cheerful, passionate, happiness), with moments of undiminished joy (thanks, smile, welcome) and pleasurable diversion (excited, fun, lucky) or with moments of triumph (celebrating, pride, auspicious). Also included are words of nurturance: healing, encourage, secure, relieved.

INSPIRATION: Abstract virtues deserving of universal respect. Most of the terms in this dictionary are nouns isolating desirable moral qualities (faith, honesty, self-sacrifice, virtue) as well as attractive personal qualities (courage, dedication, wisdom, mercy). Social and political ideals are also included: patriotism, success, education, justice.

BLAME: Terms designating social inappropriateness (mean, naive, sloppy, stupid) as well as downright evil (fascist, blood-thirsty, repugnant, malicious) compose this dictionary. In addition, adjectives describing unfortunate circumstances (bankrupt, rash, morbid, embarrassing) or unplanned vicissitudes (weary, nervous, painful, detrimental) are included. The dictionary also contains outright denigrations: cruel, illegitimate, offensive, miserly.

HARDSHIP: This dictionary contains natural disasters (earthquake, starvation, tornado, pollution), hostile actions (killers, bankruptcy, enemies, vices) and censurable human behaviour (infidelity, despots, betrayal). It also includes unsavoury political outcomes (injustice, slavery, exploitation, rebellion) as well as normal human fears (grief, unemployment, died, apprehension) and incapacities (error, cop-outs, weakness).
DENIAL: A dictionary consisting of standard negative contractions (aren’t, shouldn’t, don’t), negative functions words (nor, not, nay), and terms designating null sets (nothing, nobody, none).

ACTIVITY

**Definition:** Language featuring movement, change, the implementation of ideas and the avoidance of inertia.

**Formula:** \([\text{Aggression} + \text{Accomplishment} + \text{Communication} + \text{Motion}] - [\text{Cognitive terms} + \text{Passivity} + \text{Embellishment}]\)

AGGRESSION: A dictionary embracing human competition and forceful action. Its terms connote physical energy (blast, crash, explode, collide), social domination (conquest, attacking, dictatorships, violation), and goal-directedness (crusade, commanded, challenging, overcome). In addition, words associated with personal triumph (mastered, rambunctious, pushy), excess human energy (prod, poke, pound, shove), disassembly (dismantle, demolish, overturn, veto) and resistance (prevent, reduce, defend, curbed) are included.

ACCOMPLISHMENT: Words expressing task-completion (establish, finish, influence, proceed) and organised human behaviour (motivated, influence, leader, manage). Includes capitalistic terms (buy, produce, employees, sell), modes of expansion (grow, increase, generate, construction) and general functionality (handling, strengthen, succeed, outputs). Also included is programmatic language: agenda, enacted, working, leadership.

COMMUNICATION: Terms referring to social interaction, both face-to-face (listen, interview, read, speak) and mediated (film, videotape, telephone, e-mail). The dictionary includes both modes of intercourse (translate, quote, scripts, broadcast) and moods of intercourse (chat, declare, flatter, demand). Other terms refer to social actors (reporter, spokesperson, advocates, preacher) and a variety of social purposes (hint, rebuke, respond, persuade).

MOTION: Terms connoting human movement (bustle, job, lurch, leap), physical processes (circulate, momentum, revolve, twist), journeys (barnstorm, jaunt, wandering, travels), speed (lickety-split, nimble, zip, whistle-stop), and modes of transit (ride, fly, glide, swim).

COGNITIVE TERMS: Words referring to cerebral processes, both functional and imaginative. Included are modes of discovery (learn, deliberate, consider, compare) and domains of study (biology, psychology, logic, economics). The dictionary includes mental challenges (question, forget, re-examine, paradoxes), institutional learning practices (graduation, teaching, classrooms), as well as three forms of intellection: intuitional (invent, perceive, speculate, interpret), rationalistic (estimate, examine, reasonable, strategies), and calculative (diagnose, analyse, software, fact-finding).
PASSIVITY: Words ranging from neutrality to inactivity. Includes terms of compliance (allow, tame, appeasement), docility (submit, contented, sluggish), and cessation (arrested, capitulate, refrain, yielding). Also contains tokens of inertness (backward, immobile, silence, inhibit) and disinterest (unconcerned, nonchalant, stoic), as well as tranquility (quietly, sleepy, vacation).

EMBELLISHMENT: A selective ratio of adjectives to verbs based on David Boder’s (1940) conception that heavy modification slows down a verbal passage by de-emphasising human and material action. Embellishment is calculated according to the following formula: \([\text{Praise + Blame +1]} ÷ \left[\text{Present Concern + Past Concern +1}\right]\).

REALISM

Definition: Language describing tangible, immediate, recognisable matters that affect people’s everyday lives.

Formula: \([\text{Familiarity + Spatial awareness + Temporal awareness + Present concern + Human interest + Concreteness} \) – \left[\text{Past concern + Complexity}\right]\)

FAMILIARITY: Consists of a selected number of C. K. Ogden’s (1968) operation words which he calculates to be the most common words in the English language Included are common prepositions (across, over, through), demonstrative pronouns (this, that) and interrogative pronouns (who, what), and a variety of particles, conjunctions and connectives (a, for, so).

SPATIAL AWARENESS: Terms referring to geographical entities, physical distances, and modes of measurement. Included are general geographical terms (abroad, elbow-room, locale, outdoors) as well as specific ones (Ceylon, Kuwait, Poland). Also included are politically defined locations (county, fatherland, municipality, ward), points on the compass (east, southwest) and the globe (latitude, coastal, border, snowbelt), as well as terms of scale (kilometer, map, spacious), quality (vacant, out-of-the-way, disoriented) and change (pilgrimage, migrated, frontier).

TEMPORAL AWARENESS: Terms that fix a person, idea, or event within a specific time-interval, thereby signalling a concern for concrete and practical matters. The dictionary designates literal time (century, instant, mid-morning) as well as metaphorical designations (lingering, seniority, nowadays). Also included are calendrical terms (autumn, year-round, weekend), elliptical terms (spontaneously, postpone, transitional), and judgmental terms (premature, obsolete, punctual).

PRESENT CONCERN: A selective list of present-tense verbs extrapolated from C. K. Ogden’s list of general and picturable terms, all of which occur with great frequency in standard American English The dictionary is not topic-specific but points instead to general physical activity (cough, taste, sing, take), social operations (canvass, touch, govern, meet), and task-performance (make, cook, print, paint).
HUMAN INTEREST: An adaptation of Rudolf Flesch’s notion that concentrating on people and their activities gives discourse a life-like quality. Included are standard personal pronouns (he, his, ourselves, them), family members and relations (cousin, wife, grandchild, uncle), and generic terms (friend, baby, human, persons).

CONCRETENESS: A large dictionary possessing no thematic unity other than tangibility and materiality. Included are sociological units (peasants, African-Americans, Catholics), occupational groups (carpenter, manufacturer, policewoman), and political alignments (Communists, congressman, Europeans). Also incorporated are physical structures (courthouse, temple, store), forms of diversion (television, football, CD-ROM), terms of accountancy (mortgage, wages, finances), and modes of transportation (airplane, ship, bicycle). In addition, the dictionary includes body parts (stomach, eyes, lips), articles of clothing (slacks, pants, shirt), household animals (cat, insects, horse) and foodstuffs (wine, grain, sugar), and general elements of nature (oil, silk, sand).

PAST CONCERN: The past-tense forms of the verbs contained in the Present Concern dictionary.

COMPLEXITY: A simple measure of the average number of characters-per-word in a given input file. Borrows Rudolph Flesch’s (1951) notion that convoluted phrasings make a text’s ideas abstract and its implications unclear.

COMMONALITY

Definition: Language highlighting the agreed-upon values of a group and rejecting idiosyncratic modes of engagement.

Formula: [Centrality + Cooperation + Rapport] – [Diversity + Exclusion + Liberation]

CENTRALITY: Terms denoting institutional regularities and/or substantive agreement on core values. Included are indigenous terms (native, basic, innate) and designations of legitimacy (orthodox, decorum, constitutional, ratified), systematicity (paradigm, bureaucratic, ritualistic), and typicality (standardised, matter-of-fact, regularity). Also included are terms of congruence (conformity, mandate, unanimous), predictability (expected, continuity, reliable), and universality (womankind, perennial, landmarks).

COOPERATION: Terms designating behavioural interactions among people that often result in a group product. Included are designations of formal work relations (unions, schoolmates, caucus) and informal associations (chum, partner, cronies) to more intimate interactions (sisterhood, friendship, comrade). Also included are neutral interactions (consolidate, mediate, alignment), job-related tasks (network, detente, exchange), personal involvement (teamwork, sharing, contribute), and self-denial (public-spirited, care-taking, self-sacrifice).
RAPPORT: This dictionary describes attitudinal similarities among groups of people. Included are terms of affinity (congenial, camaraderie, companion), assent (approve, vouched, warrants), deference (tolerant, willing, permission), and identity (equivalent, resemble, consensus).

DIVERSITY: Words describing individuals or groups of individuals differing from the norm. Such distinctiveness may be comparatively neutral (inconsistent, contrasting, non-conformist) but it can also be positive (exceptional, unique, individualistic) and negative (illegitimate, rabble-rouser, extremist). Functionally, heterogeneity may be an asset (far-flung, dispersed, diffuse) or a liability (factionalism, deviancy, quirky) as can its characterisations: rare vs. queer, variety vs. jumble, distinctive vs. disobedient.

EXCLUSION: A dictionary describing the sources and effects of social isolation. Such seclusion can be phrased passively (displaced, sequestered) as well as positively (self-contained, self-sufficient) and negatively (outlaws, repudiated). Moreover, it can result from voluntary forces (secede, privacy) and involuntary forces (ostracise, forsake, discriminate) and from both personality factors (small mindedness, loneliness) and political factors (right-wingers, nihilism). Exclusion is often a dialectical concept: hermit vs. derelict, refugee vs. pariah, discard vs. spurn.

LIBERATION: Terms describing the maximising of individual choice (autonomous, open-minded, options) and the rejection of social conventions (unencumbered, radical, released). Liberation is motivated by both personality factors (eccentric, impetuous, flighty) and political forces (suffrage, liberty, freedom, emancipation) and may produce dramatic outcomes (exodus, riotous, deliverance) or subdued effects (loosen, disentangle, outpouring). Liberatory terms also admit to rival characterisations: exemption vs. loophole, elope vs. abscond, uninhibited vs. outlandish.