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Pro-Social Policies and Impression Management: The American Arabian Oil Company (Aramco), 1932–1974

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In emerging economies, economic development and pro-social policies are closely entwined. Multinational corporations have presented a positive image of their economic and social activities to investors and society to justify exploiting countries' natural resources. This study examines the Arabian American Oil Company's (Aramco) pro-social/corporate social responsibility programs in employment, housing, and healthcare from 1932 to 1974. These programs did not stem from a philanthropic rationale but were necessary to enable Aramco to create the infrastructure to find, extract, and control the oil assets. Hierarchical control was institutionalized through racism and discrimination in employment, housing, and health regulations. However, Aramco adopted impression management strategies to present a positive image of itself as a socially responsible company contributing to the economic and social development of Saudi Arabia. We analyze management statements in company reports and internal documents to identify and categorize the application of these impression management techniques up to when the Saudi government took a controlling stake in Aramco.

Keywords: Aramco, impression management, Corporate Social Responsibility, Multinational companies

Introduction

Several researchers have argued that many multinational companies in the twentieth century utilized pro-social/corporate social responsibility (CSR) policies as a mechanism of corporate control instead of an integral part of a corporate strategy designed to contribute to the well-being of local communities.¹ Oil companies face distinct challenges in host countries and have

1. Abdelrehim et al., "Corporate Social Responsibility"; Maurer, "Empire Struck Back"; Von Kemedi, "Changing Predatory Styles,"; Tinker-Salas, *Enduring Legacy*.

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implemented a range of strategies to strengthen their position; for example, by aligning themselves with the foreign policy of their respective governments, examining and drawing up regulations, improving cross-cultural communication through staff training, building good relationships with local communities, and implementing localization.²

In Saudi Arabia, Aramco's programs were shaped by its economic interests and the evolving political and social conditions as the company sought to accommodate and integrate certain Saudi traditions and adjust to others. The policymakers within Aramco supported forms of Saudi and Islamic culture to better meet their corporate objectives. Modernization depended "less on theory than immediate corporate needs."³

Understanding the historical context and conditions under which companies in the twentieth century have used pro-social policies and CSR to protect their commercial interests is limited. Stutz argues that research combining history and CSR has either been history-with-CSR, where the focus has been on history to the neglect of theory, or CSR-with-history, where the focus has been on theory and less on historical accuracy.⁴ Stutz contends that there is an intellectual space for historical CSR studies at the intersection between these two approaches, which involves cross-fertilization and knowledge diffusion between the two disciplines. This fits with the methodological paradigm of historical organization studies, which integrates organization theory and historical analysis.⁵

Previous research highlights that historical CSR narratives are contested.⁶ Organizations construct historical narratives to create or maintain legitimacy, especially where past actions may be considered illegitimate.⁷ A social contract establishing acceptable behavior patterns exists between the corporation and society.⁸ An organization may present itself as socially responsible with high integrity by using impression management to influence the perceptions of investors and society.⁹

Organizations may be conceptualized as "social actors whose primary function is to manage the impressions and perceptions of their various audiences. Their ultimate goal is to maintain positions of dominance."¹⁰ How do organizations shape public perceptions and influence the rules of the game to protect their position and power? Adopting a historical frame of reference to examine an organization's actions or strategic choices helps distinguish between rhetoric and reality. A conflict may exist between the public image that an organization presents and the policies and practices that it implements. How do organizations resolve these contradictions, particularly in a developing country, where the aspirations and expectations of the local population change through economic development?

2. Feng and Mu, "Cultural Challenges to Chinese Oil Companies," 7254–7255.

3. Parker, *Making the Desert Modern*, 10.

4. Stutz, "History in Corporate Social Responsibility," 190.

5. Maclean et al., "Conceptualizing Historical Organization Studies," 611.

6. Schrempf-Stirling et al., "Historic Corporate Social Responsibility," 700; Mena et al., "On the Forgetting of Corporate Irresponsibility," 727.

7. Foster et al., "Strategic Use of Historical Narratives," 1117.

8. Dowling and Pfeffer, "Organizational Legitimacy" 122.

9. Esrock and Leichty, "Social Responsibility and Corporate Web Pages," 308; Westphal and Zajac, "Symbolic Management of Stockholders," 147–148.

10. King and Walker, "Winning Hearts and Minds," 135.

This research examines Aramco's pro-social policies from 1932 to 1974, when the Saudi government acquired a 60 percent stake in the company.¹¹ Aramco (now known as Saudi Aramco) is the world's largest crude oil and gas producer and arguably the world's most valuable company. Saudi Aramco has contributed significantly to the development and growth of Saudi Arabia's economy, accounting for over 85 percent of exports and more than 90 percent of government revenue.¹² In emerging economies, development and CSR are closely interlinked.¹³

In addition to oil exploration and refinement, Aramco sought to strengthen its position in the region through its pro-social activities: building roads, power stations, and schools, colleges, and universities; expanding employment and social opportunities for women; and developing the skills of the Saudi workforce.¹⁴ The company has been accused of utilizing pro-social policies before nationalization as a control mechanism to inhibit the Saudis' ability to command and manage their oil industry.¹⁵ Managers construct historical narratives to achieve strategic outcomes. However, managers and stakeholders are co-producers of organizational historical narratives, which enable the existence of alternative narratives.¹⁶ This research investigates two questions: What role did pro-social policies play in Aramco's strategy to strengthen its position in the kingdom and maintain control over Saudi oil assets? What role did impression management play in underpinning company policy?

The article is structured as follows. The next section critically discusses pro-social/CSR activities and impression management. We then outline our data collection and analytical methods. The sections that follow explore Aramco's role in the development of Saudi Arabia. We present our analysis and findings of Aramco's contribution to employment, housing, and healthcare provision. We derive a model from this research to show the interrelationship between economic objectives and pro-social activities, and how impression management can be used to present a positive image of these activities. We conclude by drawing lessons from our research on the historical development of CSR/pro-social initiatives to provide a broader understanding of the strategies used by Western companies to control the resources of developing countries.

Pro-Social/CSR Activities and Impression Management

The industrial betterment/welfare work movement of social initiatives and practices prior to 1950 was "an uneven mixture of philanthropy, humanitarianism, and business acumen."¹⁷ Industrial welfare schemes were designed to control labor problems and enhance performance by providing hospitals, restaurants, bathhouses, leisure facilities, and other services such as profit sharing to encourage employee loyalty.

11. Aramco later became the Saudi Arabian Oil Company or Saudi Aramco.

12. Hertog, *Saudi Aramco*, 1.

13. Ali and Al-Aali, "Corporate Social Responsibility in Saudi Arabia," 40.

14. McMurray, *Energy to the World*.

15. Vitalis, *America's Kingdom*, 25.

16. Foster et al., "Strategic Use of Historical Narratives," 1192.

17. Wren and Bedeian, *Evolution of Management Thought*, 274.

CSR is often viewed as a contemporary phenomenon.¹⁸ Carroll noted that the 1950s was one of “more ‘talk’ than ‘action’ with respect to CSR.”¹⁹ The 1960s observed a significant development to formalize what CSR meant. Davis referred to the social responsibility of business as “a nebulous idea,” and he defined it as “businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic interest.”²⁰ Davis viewed social responsibility as having two distinct faces: socio-economic and socio-human.²¹ Businesspeople should recognize that they have a community obligation with respect to public welfare through their impact on economic developments affecting full employment, inflation, and maintenance of competition. A separate factor is a businessperson’s responsibility to nurture and develop human values such as morale, cooperation, motivation, and self-realization in work.

The World Bank regards CSR as “the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and development.”²² CSR, therefore, addresses society’s expectations about an organization, increases its legitimacy, improves its public image, and avoids government regulation.²³

Researchers have generally neglected the historical context of CSR.²⁴ When the CSR literature does include history, it is treated as “a mere repository of facts for testing theoretical ideas.”²⁵ Historical research provides a means to assess whether social policies were concrete or part of a company’s impression management repertoire. Schrempf-Stirling and colleagues claim that an organization’s actions in the recent past and long-distant past play a significant role in establishing and strengthening its credibility.²⁶ They suggest 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.”²⁷ Public statements and internal and external documents produced by organizations are designed to present a company-friendly narrative of past and present events and to influence the internal and external perceptions of the firm.²⁸ These include annual reports, media publicity, and special programs designed to present a beneficial corporate image.²⁹

We extend these theoretical frameworks by integrating self-presentation or impression management, defined as “the conscious or unconscious attempt to control images projected in real or imagined social interactions,”³⁰ to analyze and explain Aramco’s responses when

18. Abdelrehim et al., “Corporate Social Responsibility,” 828–829; Loison et al., “Corporate Social Responsibility Before CSR,” 292.

19. Carroll, “History of Corporate Social Responsibility,” 26.

20. Davis, “Can Business Afford to Ignore Social Responsibilities?” 70.

21. Davis, “Can Business Afford to Ignore Social Responsibilities?” 71.

22. World Bank, *Public Policy for Social Responsibility*, 1.

23. Wren and Bedeian, *Evolution of Management Thought*, 496.

24. Booth and Rawlinson, “Management and Organizational History,” 15.

25. Stutz, “History in Corporate Social Responsibility,” 176.

26. Schrempf-Stirling et al., “Historic Corporate Social Responsibility,” 708.

27. Schrempf-Stirling et al., “Historic Corporate Social Responsibility,” 708.

28. Bansal and Clelland, “Talking Trash,” 95.

29. Elsbach et al., “Averting Expected Challenges,” 68.

30. Schlenker, *Impression Management*, 6.

dealing with legitimacy challenges to keep control of its oil assets. Brennan and Merkl-Davies state that “understanding impression management communication choices is important in assisting readers of corporate reports in detecting the potential deception inherent in such practices.”³¹ Impression management explores how organizations present themselves to be perceived favorably by stakeholders.³²

Organizations are an integral part of society and have relationships with many stakeholders, which both influence and are influenced by the company’s actions. Stakeholders are defined as “those groups without whose support the organisation would cease to exist.”³³ Stakeholders can include employees, the public, government, and other parties affected by business activities “to whom the firm had a responsibility, relationship, or dependency.”³⁴ The view that businesses have stakeholders became part of the domain of CSR.³⁵ Businesses seek legitimacy by conforming to expected social norms, values, and expectations to obtain and maintain a “license to do business.”³⁶ Organizations use self-presentational tactics in their search for legitimacy.³⁷ They also adopt purposeful and goal-directed impression management strategies to maintain corporate control, enhance their reputation, and seek favorable stakeholders’ perceptions and evaluations.³⁸

Impression management is one of the six fundamental elements of Goffman’s dramaturgical model. People adopt preventive measures to avoid embarrassments and adopt corrective practices to compensate for discrediting situations. Defensive attributes of impression management are used by individuals to protect their projections while they employ protective practices to save others from embarrassment. Impression management is used by individuals to influence the impression that others have of them. The information that the individual “gives” or “gives off” indicates that impression management includes intentional and unintentional forms. Individuals follow moral standards and seek to maintain the impression that they are abiding by these standards. However, “individuals are concerned not with the moral issue of realizing these standards, but with the amoral issue of engineering a convincing impression that these standards are being realized.”³⁹

Organizations are sensitive to potentially damaging criticism, and many have established specialist departments to ensure the organization has an excellent reputation with its stakeholders. From the mid-1930s, large American companies created public relations departments as part of their policy of “managerial-centred CSR.”⁴⁰ These departments became increasingly important from the mid-1950s for presenting an image of social responsibility and deterring government intervention in the American economy. Corporate responsibility became “an integral function of professional CPR [corporate public relations] and the latter became a

31. Brennan and Merkl-Davies, “Accounting Narratives and Impression Management,” 109.

32. Hooghiemstra, “Corporate Communication and Impression Management,” 57.

33. Freeman, *Strategic Management*, 31.

34. Carroll, “Corporate Social Responsibility,” 282.

35. Wren and Bedeian, *Evolution of Management Thought*, 496.

36. Schepers, “Challenges to Legitimacy,” 280.

37. Hooghiemstra, “Corporate Communication and Impression Management,” 57–58.

38. Srivoravilai et al., “Value Marketing Through Corporate Reputation”; Mishina et al., “Path Dependence of Organizational Reputation”; Spear and Roper, “Using Corporate Stories.”

39. Goffman, *Presentation of Self in Everyday Life*, 243.

40. Marens, “What Comes Around,” 471.

top management concern.”⁴¹ Firms with a high social standing have much to lose from reputational damage and are more likely to focus on pro-social claims to counteract it.⁴² Some organizations have responded to institutional pressures to act responsibly by pursuing policies aimed at external stakeholders—such as branding and disclosure—and internal initiatives—including training and energy efficiency policies. Critics argue that many of these social initiatives provide minimal societal benefit and are merely symbolic and designed to “stave off stakeholder pressures.”⁴³

Other organizations have reacted to this pressure by implementing impression management strategies to deliberately influence stakeholders’ perceptions of events. This includes diminishing any negative corporate associations with a past event by adopting anticipatory excuses or anticipatory justification. The aim is to seek legitimacy for practices that could be viewed as unethical or negatively impact society. Elsbach and colleagues identified a new category of tactics called “anticipatory obfuscation.”⁴⁴ These are used when it is not clear that an event will be perceived as negative or if an organization will be blamed for a negative event.⁴⁵ Impression managers will seek to foster this ambiguity to avoid blame being attached to the organization. However, if an organization engages in impression management in the wake of failure (or potential failure) to divert attention away from the area of concern, learning from failure could be undermined.⁴⁶

Tedeschi and Melburg classified impression management techniques as either “assertive,” which seek to develop or enhance a positive identity and reputation for the organization, or “defensive,” where the intention is to protect the organization from any negative association with a practice.⁴⁷ Assertive impression management techniques include self-promotion—making actions appear better than they actually are; entitlements—claiming credit for positive outcomes; enhancements—claiming a positive value for an outcome beyond what it actually is; exemplification—presenting the organization as a virtuous exemplar or role model; and ingratiation—self-enhancing communications to obtain approval from the target audience.

Defensive impression management techniques include dissociation—to distance itself from an adverse event and any negative consequences; excuses—to avoid or deny responsibility for an incident; justifications—to accept responsibility for the outcomes of an incident but not any associated negative repercussions so any harm done is outweighed by positive benefits; and apologies—to accept responsibility for a damaging event with a promise to behave fittingly in the future. It also includes restitution and pro-social behavior that includes compensatory actions. These defensive impression management strategies are usually closely linked to neutralization techniques, in which communications strategies are adopted to protect and defend the company’s image.⁴⁸ Despite the relevance of impression management,

41. Kaplan, “Who Has Been Regulating Whom,” 147.

42. McDonnell and King, “Keeping Up Appearances,” 409.

43. Hess and Warren, “Meaning and Meaningfulness,” 164.

44. Van Halderen et al., “Managing Impressions,” 567.

45. Elsbach et al., “Averting Expected Challenges,” 82.

46. Desai, “Does Disclosure Matter?” 86; Desai, “Impact of Media Information,” 894.

47. Tedeschi and Melburg, “Impression Management.”

48. Talbot and Boiral, “Strategies for Climate Change,” 333.

these concepts have not, to our knowledge, been applied to examine historically an oil company's pro-social strategies in the Middle East.

In this research, we investigate Aramco's contribution to Saudi Arabia's economic and social development by focusing on its employment, housing, and healthcare policies. In the following sections, we draw on archival documents, including company reports to explore how Aramco pursued pro-social policies in combination with impression management techniques to present a positive image of its contribution to Saudi Arabia's economic development. Further, we examine the type of impression management techniques (assertive or defensive) that Aramco adopted, and how these evolved over the period in response to economic, social, and political challenges.

Method and Data Collection

Organizations produce documents relating to events and economic and social activities for internal and external consumption. Perchard and colleagues argue that "history is often misused when case studies uncritically derive narrative from secondary sources with no attention to historical context."⁴⁹ To address these criticisms, we 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.⁵⁰ Further, we follow the basic historical methodology advocated by Kipping and colleagues 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.⁵¹

Aramco is the world's largest crude oil and gas producer. The data for this study were from 1932 to 1974, when Aramco was owned and controlled by American oil companies. We chose this timeline as it provides a comprehensive view of the significant events before the Saudi government took a controlling stake in the company in 1974. Further, it covers the period when Aramco was implementing its pro-social policies during its operations in Saudi Arabia.

Saudi Aramco does not publish financial statements and provides limited information on its reserves. Further, the public has no access to internal corporate documents. Therefore, we used publicly available English and Arabic sources to examine Aramco's role in the development of Saudi Arabia. These include private manuscript collections held at American universities; American and British government documents; corporate websites; company reports to internal and external stakeholders; a two-volume history of the company titled *Energy to the World: The Story of Saudi Aramco*; the *Aramco Handbook*; oral histories; newspaper stories; and academic articles and books. These heterogeneous sources of materials enabled us to triangulate and verify the data and construct a historical case study of the development of Aramco.⁵²

49. Perchard et al., "Clio in the Business School," 913.

50. Lipartito, "Historical Sources and Data," 289, 291.

51. Kipping et al., "Analyzing and Interpreting Historical Sources," 312–325.

52. Kipping et al., "Analyzing and Interpreting Historical Sources," 316–319.

Aramco used its annual reports to communicate its confidence and status to the Saudi government, employees, and other stakeholders that it was the most important company in the kingdom. These reports would have also been read by investors concerned that their investment was secure and by US government officials to ensure that American interests were protected. First, we analyze the narrative text in company policy documents relating to employment, housing, and healthcare as examples of Aramco's pro-social policies contributing to the economic and social development of Saudi Arabia. The approach we adopt is "the craft-like fashion of a historian, rather than a narrowly prescribed procedure."⁵³ We compare company policies published in publicly available official documents with policies stated in the internal company documents (available in the archives) and in US and UK government reports, as well as observations and recollections of previous Aramco employees. Second, we draw on Tedeschi and Melburg's classification of impression management techniques to categorize and evaluate policies adopted by Aramco to promote and protect its image.⁵⁴ We moved constantly between the theory and the data to classify narrative text and statements according to the various assertive or defensive impression management criteria.

In the section below, we briefly describe the development of Saudi Arabia's petroleum industry. This includes the Saudi government taking step-by-step control of the industry, which culminates in full control. We explain how Aramco used impression management strategies to protect its oil interests and maintain control of the Saudi petroleum industry.

Economic and Political Context

The establishment of the Kingdom of Saudi Arabia in September 1932 was the culmination of thirty years of conquest and amalgamation by 'Abd al-'Aziz Al Sa'ud, also known as Ibn Sa'ud. His unification campaign was based on the Islamic movement founded in the eighteenth century by Mohammed Ibn 'Abd al-Wahhab, who had been closely allied with the Sa'ud family, which then controlled the central Arabian oasis region known as the Nejd (now part of the Eastern Province). Islam is the unifying force in Saudi society and its pervading influence is because of the region's association with the birth of Islam. Deep-rooted kinship networks are important. The country's population in 1950 was just over 3 million people, which increased to over 4 million in 1960, and to 7.2 million by 1974.⁵⁵ The population is concentrated across the middle of the peninsular, from the eastern to the western coastal areas, because less than 1 percent of the country is suitable for agriculture, and there are vast areas of desert. The population of Saudi Arabia is mainly Sunni Muslim, while the large Shiite minority lives mainly in the Eastern Province. The Shia were among the first Saudis to be employed by Aramco.

53. Rowlinson, "Historical Analysis of Company Documents," 305.

54. Tedeschi and Melburg, "Impression Management."

55. United Nations Department of Economic and Social Affairs Population Division, *World Population Prospects 2022*.

From the formation of the kingdom, ‘Abd al-‘Aziz Al Sa‘ud (Ibn Sa‘ud) had been observing oil industry developments in the Gulf region and the drilling in nearby Bahrain.⁵⁶ Geologists advised him that oil could very likely be found in the kingdom. Ibn Sa‘ud needed money to develop the new kingdom’s potential and to serve its people.⁵⁷

The Standard Oil Company of California (SOCAL, now Chevron), one of the largest oil producers in the United States, discovered oil in Bahrain, in the Gulf area, on May 31, 1932. SOCAL wanted to explore for oil in other parts of the region. In November 1932, SOCAL began negotiations with Ibn Sa‘ud’s finance minister, ‘Abd Allah Al Sulaiman Al Hamden, the most important man outside the royal family.⁵⁸ The negotiations were lengthy and intense and were based on SOCAL’s readiness to drill for, develop, produce, and export oil, free of all Saudi taxes and duties. The concession agreement covering an exploration area that was the largest in the Middle East was signed in Jeddah on May 29, 1933.

SOCAL assigned the concession to its newly established operating subsidiary, California-Arabian Standard Oil Company (CASOC), on November 8, 1933. In 1936, SOCAL formed a partnership with The Texas Company to market Saudi oil. Texas took a 50 percent holding in CASOC through its subsidiary, the California Texas Oil Company.⁵⁹ However, it was not until March 1938 that commercial quantities of oil were discovered in Dammam in Saudi Arabia. The original concession agreement was amended several times over the years. Following a supplemental agreement on May 31, 1939, CASOC further expanded the total area of its exclusive concession to 440,000 square miles, an area about the size of Texas and California combined. CASOC changed its name to the Arabian American Oil Company (Aramco) on January 31, 1944, to reflect the kingdom’s newfound prominence among oil-producing nations. By 1946, SOCAL and Texas lacked the capital and markets to rapidly develop the concession, so they sold a minority interest in Aramco to Standard Oil and Socony-Vacuum. These companies had large global operations and markets for oil but had a limited presence in the Middle East.⁶⁰

The Saudis wanted to adopt Venezuela’s Fifty-Fifty profit-sharing principle, established with oil companies in 1948, to obtain more money from the concession. Aramco provided the Saudi government with its main source of income, which gave the company considerable power and influence. In Venezuela, the government was seeking to reform “the pro-corporate system inherited from the era of oligarchic dictatorship”⁶¹ as well as obtain higher taxes and pursuing economic development. The Saudi government was seeking more tax revenue rather than the economic and social reforms being pursued in Venezuela. On December 30, 1950, the kingdom and Aramco agreed that the government would receive 50 percent of Aramco’s gross income net of the costs of operations, including losses and depreciation and foreign taxes, but there would be no reductions for taxes, royalties, rentals, or other exactions of the Saudi

56. Al-Naimi, *Out of the Desert*, 21.

57. Anderson, *Aramco*, 31

58. Yergin, *The Prize*, 272.

59. Anderson, *Aramco*, 23–28. The agreement was originally to market oil from SOCAL’s concession in Bahrain.

60. Anderson, *Aramco*, 140–161.

61. Kaplan and Kinderman, “Business-Led Globalization of CSR,” 470.

government.⁶² Under this principle, Aramco would pay Saudi Arabian income taxes. However, the Saudis were suspicious of Aramco's intentions to manipulate accounting figures to reduce its net income.⁶³ As such, the government closely monitored oil prices, the cost of the company's operations, and accounting methods.

In 1952, Aramco relocated its headquarters from New York to Dhahran, on the kingdom's east coast. Seven years later, 'Abdallah Tariki (the first Saudi Oil minister in 1960) and Hafiz Wahba, an Egyptian who was a naturalized Saudi, were the first Saudis to join Aramco's board of directors. The two men had observer status but no voting rights.⁶⁴

In September 1960, officials from five oil-producing developing countries (Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela) formed the Organisation of Petroleum Exporting Countries (OPEC). Further, Kuwait, Libya, and Saudi Arabia established the Organisation of Arab Petroleum Exporting Countries (OAPEC) on January 9, 1968. The formation of OPEC and OAPEC was another indication that "developments were beginning to spiral out of Aramco's control."⁶⁵

Rising tensions between Israel and its Arab neighbors in the Middle East culminated in the Arab-Israeli Six-Day War, which broke out on June 5, 1967. Unlike during the Suez Crisis, historians argue that the United States supported Israel during this war, which inflamed the passions of many Saudis. They regarded any country supporting Israeli attacks against the Arabs as an aggressor against the kingdom. King Faisal Ibn 'Abd al-'Aziz Al Sa'ud requested that Aramco stop oil shipments to the United States and other Western supporters of Israel as part of the oil embargo.⁶⁶ US oil projects in the kingdom were, therefore, in danger. However, by July 1967, oil supplies were back to normal levels.⁶⁷ Further, the Saudi economy witnessed a higher growth rate following the abrupt increase in oil prices caused by the war.⁶⁸

The fourth Arab-Israeli War broke out on October 6, 1973, when Egypt and Syria launched attacks against Israel on Yom Kippur. On October 16, Arab members of OPEC raised the posted price of Saudi light oil by 70 percent, from \$3.011 to \$5.119 a barrel.⁶⁹ The oil companies and the consuming countries no longer determined the posted price. During the conflict, the United States provided a \$2.2 billion military aid package to Israel. In response, the Arab producers, including the Kingdom of Saudi Arabia, declared an oil embargo and stopped shipments to the United States and those countries that supported Israel. The oil embargo decisively changed the relations between oil-producing and oil-consuming nations and gave the kingdom higher status within OPEC and OAPEC as the world's most influential oil-exporting country.⁷⁰

62. Hitti and Abed, "Economy and Finances," 255; Yergin, *The Prize*, 445–449.

63. Litvin, *Empires of Profit*, 200.

64. Yizraeli, *Politics and Society*, 42.

65. Litvin, *Empires of Profit*, 197.

66. Litvin, *Empires of Profit*, 202.

67. Yergin, *The Prize*, Chapter 12.

68. Al-Naimi, *Out of the Desert*, 86.

69. Lenczowski, "Oil-Producing Countries," 68; Wilkins, "Oil Companies in Perspective," 173–174; Yergin, *The Prize*, Chapter 12. The price rise was approved at the OPEC meeting in Vienna on November 19–20. On December 22, the six Gulf States approved the raising of the posted price to \$11.651 per barrel starting on January 1, 1974.

70. Song, *Saudi Arabia*, 2–3.

At that time, Aramco was controlled by four American oil multinationals: SOCAL, Texaco, Standard Oil Company of New Jersey, and Socony-Vacuum. The kingdom's plan to take 100 percent ownership of Aramco was well underway in the 1970s.⁷¹ At the beginning of the 1970s, three Saudi officials were appointed to Aramco's board and granted full voting rights. They were Ahmad Zaki Yamani, the Oil minister; his deputy, Sa'ud Al-Faysal; and 'Abd al-Hadi Tahir, president of Petromin, the General Petroleum and Mineral Organization. This provided the Saudi government with some influence on oil production and pricing and Aramco's strategic plans. The Saudis were not planning to nationalize Aramco but sought to gain control in stages, as they were concerned about losing the company's oil production, management, and marketing expertise.⁷²

Discussions on establishing this partnership arrangement began in February 1972. On January 1, 1973, the Saudi government acquired 25 percent of Aramco, and the four oil companies' ownership stakes were reduced proportionately. After several months, the oil embargo was quietly relaxed.⁷³ On January 1, 1974, the Saudi government increased its stake in Aramco to 60 percent but retained American management. Later in 1974, Faisal al-Bassam was named the first Saudi vice president of Aramco, overseeing public affairs. Six years later, in 1980, the kingdom took full ownership of Aramco, which it renamed Saudi Aramco in 1988. According to Yizraeli:

The purchase of Aramco did not stem from the company's weakness or the government's strength, but from a desire to deflect pressure by extremist elements in the Arab world and within Saudi Arabia to nationalize foreign oil companies. The Saudi government's relations with Aramco were cooperative and almost entirely free of friction.⁷⁴

The government needed the company's expertise to produce oil and contribute to the country's development. In return, the American oil companies with stakes in Aramco were rewarded by partnering with the government in new petrochemical projects and forming a petrochemical industry in the kingdom.

In the following sections, we outline the impression management techniques Aramco implemented before nationalization to protect its control of Saudi oil assets.

Economic, Social, and Corporate Control

In 1938, the United States produced 60 percent of the world's oil and Saudi Arabia only a minuscule amount.⁷⁵ Before World War II, Saudi oil was not of strategic concern to the United States. After 1943, this policy changed. The British were the dominant Western power in the Middle East, and the British government was the major shareholder in the Anglo-Iranian Oil Company. SOCAL and The Texas Company were concerned that the British could undermine

71. Song, *Saudi Arabia*, 3.

72. Yizraeli, *Politics and Society*, 43.

73. Al-Naimi, *Out of the Desert*, 81.

74. Yizraeli, *Politics and Society*, 151.

75. Anderson, *Aramco*, 37, Table II-I.

Aramco's control of its Saudi concession. The British were providing financial and material support to Saudi Arabia. In response, the Americans implemented Lend-Lease aid in 1943 to protect American interests in the kingdom,⁷⁶ and established an embassy there in March 1949.⁷⁷

Saudi Arabia had been isolated from the outside world until the discovery of oil in the Eastern Province in the 1930s. Consequently, the social structure and mode of living had changed very little over the centuries. The establishment of the oil industry propelled economic development as the population, including the nomads, was exposed to Western technology and material culture. Income from oil increased to \$56.7 million in 1950. However, Saudi Arabia lacked formal institutions, including mechanisms for budgeting and development, which led to the oil income being "frittered away by the court, its clients, and their entourages."⁷⁸ The establishment of institutions in the 1950s was based on bargaining between the princes, and the allocation of government posts was based on patrimonial politics and fiefdoms. Aramco and the US embassy pressed for the rationalization of the bureaucratic structures that were created during this period, but this proved ineffective.⁷⁹ The large uncontrolled increase in the bureaucracy based on patronage and nepotism was still evident in the late 1960s.

Social and political change was slow, and "the society in 1965 remained heavily imbued with the ancient values, and the development of modern forms of political activity had hardly begun."⁸⁰ The political system was authoritarian, and power resided with the king, who was an absolute monarch; there was no opposition to government policy.⁸¹ The princes were concerned that the economic development in the late 1950s and early 1960s stimulated by the oil income would undermine the rule of the royal family. In response, religious and traditional values were emphasized, and development was restricted to improving living standards of the population.⁸² The Saudi state used Wahhabi Islam "to counter leftist and other secular ideologies."⁸³

Aramco was the main conduit for introducing Western culture into Saudi Arabia. The company promoted the expansion of several cities, such as Dhahran and Ras Tanura—near the oil fields of the Eastern Province—and near Dammam—around the oil refinery and terminal on the Persian Gulf. This attracted migrants to work in the oil industry. Dammam grew from a small fishing village to become the capital of the Eastern Province with a population of 40,000 people in 1965.⁸⁴ Aramco built a deep-water port at Dammam and a 360-mile railway for the Saudi government to connect Dammam with the capital at Riyadh.

The economic opportunities encouraged the migration of Arab-speaking people from nearby countries to take on jobs as teachers, professional roles, and unskilled manual jobs.

76. Anderson, *Aramco*, 40, 46–47; Vitalis, *America's Kingdom*, 65–66.

77. Pustelnick and Lucic, "American Relations," 16.

78. Hertog, "Shaping the Saudi State," 542.

79. Hertog, "Shaping the Saudi State," 549.

80. Walpole et al., *Area Handbook for Saudi Arabia*, 3.

81. Rugh, "Emergence of a New Middle Class," 19.

82. Yisraeli, *Politics and Society*, 273.

83. Matthesen, "Migration, Minorities, and Radical Networks," 503.

84. Walpole et al., *Area Handbook for Saudi Arabia*, 21.

These expatriate workers were from countries with a history of radical activism, which they spread to the Saudi workforce.⁸⁵ In the oil industry, the largest group of foreign workers were Americans, followed by Pakistanis, Indians, and Palestinians. The government recognized that the country was dependent on the technical and professional skills of foreign nationals until it was able to educate and train Saudis to fill these positions.

Aramco was active in Saudi Arabia before diplomatic relations were established, enabling the company to develop and maintain a close relationship with the king and government ministers through to the 1970s.⁸⁶ The United States was keen to promote political and economic stability in the Middle East and “encourage[d] 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.”⁸⁷

During the Cold War period, Saudi Arabia’s strategic location between Europe and the Far East and the airbase at Dhahran were crucial to American policy toward the Soviet Union. The US government’s foreign policy focused on developing nonindustrialized countries to spread American values and protect American economic and military interests. Aramco’s strategy complemented US government foreign policy by assisting the Saudi monarchy in pursuing its nation-building agenda through its infrastructure programs and health initiatives. This enabled Aramco to establish itself as a “vital partner in growth.”⁸⁸ However, “a corporate myth of social and economic uplift masked a reality of exploitation in Saudi Arabia. Public relations experts created an exceptionalist narrative—as selective and purposeful as any—to extend American hegemony in Saudi Arabia. Company programs, organized under the rhetoric of development, helped propel corporate interests.”⁸⁹ Further, Aramco transformed the kingdom after World War II into “the primary oil reservoir of the Western world,” and integrated the country into Western capital markets by modernizing its financial system.⁹⁰

In the following sections, we examine the employment, housing, and healthcare policies that Aramco implemented. We show that they were far from being “progressive and enlightened” and were more about protecting the company’s interests.

Employment

Some observers in the 1950s viewed Aramco as an enlightened employer that contributed to Saudi Arabia’s development. A State Department document refers to the “benevolent operations of Aramco.”⁹¹ However, an earlier article in *Business Week* stated that Aramco was dealing with “untrained and illiterate workers” and alluded to the racist Jim Crow practices of the company: “Aramco has stressed to its Americans that Arabs are partners in work—not

85. Matthiesen, “Migration, Minorities, and Radical Networks,” 477.

86. Yizraeli, *Politics and Society*, 58–59.

87. US Department of State, “Saudi Arabia: Policy Statement Prepared in the Department of State.”

88. Parker, *Making the Desert Modern*, 11.

89. Parker, *Making the Desert Modern*, 10.

90. Yizraeli, *Politics and Society*, 290.

91. US Department of State, “Memorandum of Conversation, by the Officer in Charge, Arabian Peninsula Affairs (Awalt).”

slaves. The Arab may be dirty and illiterate, but he is proud of his land and his heritage.”⁹² It is noteworthy that Article 23 of the 1933 concession agreement gave Aramco considerable scope on the implementation of 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.⁹³

Aramco invested in various education and training programs for Saudi employees from 1940 to 1960: building schools, establishing Industrial Training programs and workshops, providing scholarships for Saudi students, and implementing the Saudi Development Program. A 1943 company report stated that “122 employees were given special training in shops, operating plants, and various department.”⁹⁴ In 1947, Aramco established a five-year training program. The company reported: “Saudi employees are trained for greater skill and proficiency in their jobs and for advancement to positions of increased responsibility.”⁹⁵ Training and education of Saudi laborers was implemented partly to maintain good relations with the Saudi government and partly to replace expensive American workers.⁹⁶ However, a 1952 confidential report produced by Robert King Hall, the director of Training, stated that workers “are trained in only a limited number of skills necessary to their employment in a certain job in the present organization of the company.”⁹⁷ In 1953, there were 4,875 Saudi employees in training out of a total Saudi workforce of 13,555 people.⁹⁸

Harry Snyder, the coordinator of Educational Services, 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 endeavoring to do on this low level from 1 to 4, is to develop the industrial slave who knows how to do just the same one Job.”⁹⁹ 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.”¹⁰⁰ Further, 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 percent to 100 percent were Saudis; and in the upper crafts, such as blacksmith, sheet metal worker, floorman, or roofer, Saudis accounted for only 20 percent

92. *Business Week*, “Texas Was Never Like This” (April 1, 1950), 58.

93. Saudi Arabian Concession Agreement, Article 23, May 29, 1933, 14.

94. 1943 Report of Operations to the Saudi Arab Government by the Arabian American Oil Company, 7. Box 3, Folder 42, William E. Mulligan Papers.

95. 1951 Report of Operations to the Saudi Arab Government by the Arabian American Oil Company, 23. Box 3, Folder 45, William E. Mulligan Papers.

96. Shwadran, *The Middle East*, 345.

97. Re-Examination of Aramco’s Education and Training Program, Box 20, Folder 5, April 17, 1952, 5, Harry Roscoe Snyder Papers.

98. Shwadran, *The Middle East*, 345–347.

99. Headquarters Education and Arab Training, Box 7, Folder 2, November 1950, 22, Harry Roscoe Snyder Papers.

100. Re-Examination of Aramco’s Education and Training Program, Box 20, Folder 5, April 17, 1952, 5, Harry Roscoe Snyder Papers.

to 30 percent of the employees. Aramco, therefore, planned to train Saudis to those higher levels.¹⁰¹

Senior Aramco managers stressed the importance of presenting a positive company image inside and outside of Saudi Arabia. Management recognized the necessity 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.”¹⁰²

Table 1 shows that the Aramco reports to the Saudi government incorporated various impression management techniques to imply that more was being done to develop Saudi

Table 1. Narrative Text from Aramco Annual Reports of Operations Relating to Employment and Training

| Year | Narrative from Aramco Reports | Impression Management |
|------|--|-----------------------|
| 1940 | “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). | Enhancement |
| 1944 | “The program of training Saudi Arab employees on the job in different crafts and higher skills was continued during this year” (p. 13). | Enhancement |
| 1949 | “Total manpower was reduced from 20254 in December 1948, to 10026 by December 1949” (p. 12). | Justification |
| 1950 | “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). | Enhancement |
| 1951 | “Saudi employees are trained for greater skill and proficiency in their jobs and for advancement to positions of increased responsibility” (p. 23). | Entitlement |
| 1953 | “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). | Justification |
| 1957 | “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). | Enhancement |
| 1960 | “Twenty-nine Saudi Arab employees were assigned to advanced, specialized training in colleges and universities” (p. 5). | Enhancement |
| 1962 | “Ninety-three Saudi Arab employees were sent on educational and training assignments outside Saudi Arabia on individual development programs” (p. 1). | Enhancement |
| 1964 | “Of the 1,367 supervisory and management positions at all levels within the company, 709, or 52 per cent, were held by Saudi Arabs” (p. 15). | Exemplification |
| 1967 | “Saudi employees continued to increase their technical, supervisory and professional skills as the result of company training programs” (p. 18). | Entitlement |
| 1972 | “Saudi employees held 251, or 41 percent, of the total 617 supervisory level jobs in Aramco” (p. 9). | Exemplification |
| 1974 | “268 Saudi Arabs had completed one or more of eight supervisory management-training courses” (p. 15). | Enhancement |
| 1974 | “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). | Exemplification |

Sources: Report of Operations to the Saudi Arab Government by the Arabian American Oil Company, various years, Box 3, Folders 42, 43, 45, Box 4, Folders 1 to 4, William E. Mulligan Papers.

101. Headquarters Education and Arab Training, Box 7, Folder 2, November 1950, 7, Harry Roscoe Snyder Papers.

102. Re-Examination of Aramco’s Education and Training Program, Box 20, Folder 5, September 16, 1954, 45, Harry Roscoe Snyder Papers.

workforce skills than was happening in practice. These reports served as “self-presentational” and “self-laudatory” devices utilizing “enhancements” and “entitlements” to enhance Aramco’s position and reduce negative criticism and scrutiny.¹⁰³ Private correspondence confirms that “the Training program was essentially aimed at meeting the company’s production target, including the replacement of foreign contract employees with Saudi Arab labor, and not that of producing social leadership or the upper levels of industrial management.”¹⁰⁴

Few Saudis obtained high positions. In 1953, Saudis constituted 60 percent of the total staff, and Americans 18 percent. Out of an entire workforce of 22,345 in 1953, only 11 Saudis held senior staff positions; 731 held intermediate positions; and 12,813 held general positions.¹⁰⁵ Aramco proffered several excuses for not promoting Saudis to high positions. A confidential memorandum indicated:

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.¹⁰⁶

Aramco presented itself as progressive and emphasized that it had set up training programs for women and recruited women to professional positions.¹⁰⁷ In practice, company policy required women to resign when they got married as they were regarded as “unreliable” because “they may become pregnant.”¹⁰⁸ A confidential correspondence discussed the difficulties in hiring Saudi Arab women and keeping them in the workforce:

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 labor force. [...]

103. Hooghiemstra, “Communication and Impression Management,” 58.

104. Re-Examination of Aramco’s Education and Training Program, Box 20, Folder 5, September 16, 1954, Harry Roscoe Snyder Papers.

105. Shwadran, *The Middle East*, 347.

106. Memorandum on the Development of Saudi Employees for Higher level Position, Box 15, Folder 3, April 1, 1959, Harry Roscoe Snyder Papers.

107. McMurray, *Energy to the World*, Vol. 2, 13, 75.

108. Lippman, *Inside the Mirage*, Chapter 2.

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.¹⁰⁹

As the Saudi government increased its stake in Aramco, company policy toward appointing Saudis to managerial and professional positions changed. A confidential study of Aramco's managerial and professional workforce stated:

[With] the advent of participation, it is anticipated that corporate arrangements between Aramco and its oil company shareholders will be modified over time to the point that the interests of these shareholders will be represented outside Aramco and not by Aramco employees as in the past. This removes one of the main reasons for our previous insistence that a "hard core" of American management should be retained in Aramco. There appears to be no reason why all Aramco managerial and professional jobs under this new arrangement should not be filled by Saudi Arabs as they acquire the requisite technical and administrative competence.¹¹⁰

The study further commented:

In the coming years, Aramco will be faced with the necessity to advance Saudis as rapidly as possible. There is every possibility that a schedule for accelerated advancement will be established or profoundly influenced by the Saudi ownership component. The capability to quickly identify management potential candidates will be particularly useful in responding to these pressures relating to Saudi employees and will be of value in determining the best American candidates for the limited management opportunities forecast for Americans in the last half of the study period.¹¹¹

From the mid-1960s, Aramco's impression management techniques placed a greater emphasis on exemplification. The company sought to present itself as moral and virtuous as management responded to the changes in the political dynamics in the region and the shift in the balance of power. However, at the beginning of 1972, about 88 percent of the people in management jobs were American, and about 12 percent were Saudi.¹¹²

In summary, Aramco's commitment to pro-social policies under the education and training programs was out of a desire to maintain control of the oil assets, not out of a sense of moral obligation. One way the company did this was by retaining Americans in senior and middle management positions. Hierarchical relationships were maintained by restricting the training available to Saudis and thus limiting their ability to achieve management positions. However, this still allowed Aramco to demonstrate that it was meeting its obligations under the

109. Employment of Saudi Arab Women, Box 3, Folder 9, September 16, 1961, William E. Mulligan Papers.

110. ARAMCO Managerial and Professional Work Force, Box 1, Folder 24, November 15, 1972, 1, Joseph A. Mahon Papers.

111. ARAMCO Managerial and Professional Work Force, Box 1, Folder 24, 12.

112. ARAMCO Managerial and Professional Work Force, Box 1, Folder 24, 2.

concession agreement. Impression management techniques played an important part in maintaining the illusion that Saudis were being trained for promotion to senior positions.

Labor Unrest

Aramco's treatment of its Saudi workforce contributed to labor unrest and strike action. These strikes were often crushed by brutal government responses.¹¹³ There was a strike by Arab drillers in Dhahran in 1945 over unequal pay compared to American and other foreign workers. A series of strikes occurred between 1945 and 1949 by Arab, Pakistani, 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."¹¹⁴ 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 was instituted."¹¹⁵

Strikes continued into the 1950s over the unfair treatment of employees. The largest strikes occurred in 1953 and 1956 and were jointly organized by Saudis and Arab expatriates. In 1953, a labor committee comprising seven Saudis who had studied in the US and Beirut demanded better conditions for Saudi workers, including equality of treatment with American workers.¹¹⁶ The committee sought to be recognized by both Aramco and the Saudi government as the legitimate representative of the Aramco workers, which was effectively the unionization of the Saudi workforce.¹¹⁷ The Saudi government forbade oil workers in Al-Hasa to form unions and arrested the leaders.¹¹⁸ In response to the arrests, nearly thirteen thousand out of a workforce of fifteen thousand Saudi employees went on strike for two weeks.¹¹⁹ The Arab newspaper *Sawt Al Ahali* reported that workers demanded improved living conditions and the release of workers who were unlawfully arrested. They continued to strike despite being threatened with dismissal.¹²⁰

The Saudi government, in close cooperation with Aramco, deported strike leaders and many foreign workers involved in the protests.¹²¹ However, secret dispatches revealed that the new King Sa'ud and Prince Faisal were incensed by Aramco's attitude during the strike. They

113. Vitalis, *America's Kingdom*, 92–94, 149–155.

114. Vitalis, *America's Kingdom*, 104.

115. 1945 Report of Operations to the Saudi Arab Government by the Arabian American Oil Company, 20. Box 3, Folder 43, William E. Mulligan Papers.

116. Matthiesen, "Migration, Minorities, and Radical Networks," 488–491; Vitalis, *America's Kingdom*, 145–157.

117. Matthiesen, "Migration, Minorities, and Radical Networks," 487–488.

118. *The Economist*, "Saudi Arabians on Strike" (October 24, 1953), 236.

119. Matthiesen, "Migration, Minorities, and Radical Networks," 488; *The Economist*, "Saudi Arabians on Strike," 235.

120. *Sawt Al Ahali*, "Aramco Workers Strike Continues" (October 30, 1953), 1. *Sawt Al Ahali*, "Aramco Workers Strike Continues" (November 18, 1953), reported that some Lebanese newspapers claimed the strikers were protesting American colonization and the police refused to shoot protestors, saying: "We will not kill our citizens for the sake of Americans," 1.

121. Matthiesen, "Migration, Minorities, and Radical Networks," 489.

resented what they considered to be Aramco's policy of excluding Saudi Arabs from positions of responsibility in the company.¹²² Further, the "Saudi Arabian Government was irritated by a report that Aramco had indicated to the press that the Dhahran strike had been directed against the government, rather than the Company."¹²³ Robert King Hall, Aramco's director of Training, adopted a defensive impression management technique of "dissociation" in confidential correspondence to distance Aramco from the strike: "The strikers were angry at the Government—so they struck at the Company."¹²⁴ The American Embassy was concerned that the ill will caused by Aramco's press statements would adversely affect the United States' relations with the Saudi government.

Although the strikes seriously impacted production, Aramco did not immediately accede to workers' requests but gave in gradually when more strikes occurred. Wage increases ranging from 12 percent to 20 percent were awarded to all Saudi employees, effective from January 1, 1954.¹²⁵ Further, Aramco's staffing policy was reviewed to ensure production was maintained. In a strictly confidential correspondence, Robert King Hall 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."¹²⁶

In summary, it could be argued that Aramco maintained its discriminatory labor practices into the 1960s because workers were prevented from forming effective trade unions to challenge these policies: trade unions were banned. Consequently, Saudi workers had lower pay, poorer conditions of employment, and fewer opportunities for promotion compared to American and European employees. Arab workers' wages ranged from 200 to 400 Saudi Arabian riyals (SR) a month, and they had no retirement pension. American wages were around SR 8,000 per month.¹²⁷

Housing

Discrimination in employment practices were similarly mirrored in Aramco's housing policies. Aramco engaged in "entitlement" and "enhancement" impression management tactics during the 1940s, and mainly "exemplification" from the 1950s through to the 1970s to emphasize that it was meeting employees' housing needs. Initially, housing provision for the Arab workforce was barasti-type dwellings and dormitories (barastis are floorless huts

122. US Department of State, "Editorial Note No. 317."

123. US Department of State, "Editorial Note No. 317."

124. Re-Examination of Aramco's Education and Training Program, Box 20, Folder 5, September 16, 1954, 9, Harry Roscoe Snyder Papers.

125. 1953 Report of Operations to the Saudi Arab Government by the Arabian American Oil Company, 3, Box 4, Folder 1, William E. Mulligan Papers.

126. Re-Examination of Aramco's Education and Training Program, Box 20, Folder 5, September 16, 1954, 9, Harry Roscoe Snyder Papers.

127. *Al Akhbar*, "The Petroleum Octopus in Saudi Arabia" (June 17, 1962), 5. However, a study by Walpole and colleagues estimated that in 1964 Aramco's Saudi workers earned on average SR 10,700 per year compared to SR 3,800 in 1953. This was the highest wage level in the country. See Walpole et al., *Area Handbook for Saudi Arabia*, 263.

Table 2. Narrative Text from Aramco Annual Reports of Operations Relating to Housing Provision and Home Ownership

| Year | Narrative from Aramco Reports | Impression Management |
|------|---|-----------------------|
| 1940 | "Permanent housing was completed at Dhahran to house 88 staff employees and to house 408 non-staff employees" (p. 8). | Entitlement |
| 1944 | "Temporary tent and barasti housing are 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). | Enhancement |
| 1946 | "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). | Enhancement |
| 1947 | "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). | Exemplification |
| 1950 | "Eighty-six permanent dormitories providing permanent housing space for 2002 additional Arab employees" (p. 39). | Entitlement |
| 1955 | "Aramco subsidizes 20 per cent of the loans, employees repay only 80 per cent of the amount of money borrowed" (p. 45). | Exemplification |
| 1959 | "The company extended SR 26,359,000 (\$7,029,000) in individual housing loans to Saudi Arab employees during the year" (p. 22). | Exemplification |
| 1960 | "Aramco provides interest-free loans to employees, but the company does not undertake construction of homes" (p. 26). | Exemplification |
| 1963 | "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). | Exemplification |
| 1967 | "By year-end 65 per cent of the eligible Saudi employees had acquired homes under the Home Ownership Plan" (p. 16). | Exemplification |
| 1970 | "Loans amounting to \$3,109,000 were granted to Saudi employees under the Home Ownership Program" (p. 16). | Exemplification |
| 1972 | "Seventy-three percent of the company's Saudi employees participated in the Home Ownership Program at year-end" (p. 9). | Exemplification |
| 1973 | "The new revision of the Home Ownership Program was to increase the loan-amount limit from SR150,000 to SR 200,000" (p. 10). | Exemplification |

Sources: Report of Operations to the Saudi Arab Government by the Arabian American Oil Company, various years, Box 3, Folders 42, 43, 45, Box 4, Folders 1 to 4, William E. Mulligan Papers.

thatched with palm leaves). Aramco reports later highlighted the Home Ownership Program and the provision of highly subsidized loans for employees, as illustrated in Table 2. These reports emphasized the financial provision and the number of homes purchased by employees and their families.

Aramco reported that housing for employees fell into three categories: American, Saudi, and other nationalities. However, Aramco did not mention that employees were treated differently, or that racial segregation was perpetuated in its housing policies. Further, these segregation policies reinforced the hierarchical status of the American and European employees and underpinned the economic and social exclusion of Saudi and Arab employees.

American and European employees benefited from Aramco's welfare capitalism, which did not extend to Saudi employees.¹²⁸ Western-style towns with air-conditioned bungalows,

128. Marens, "What Comes Around," 610.

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 American camps, where they could drink American liquor. Aramco had procedures for disciplining any employee found drunk outside the compound.¹²⁹

According to Vitalis, “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.”¹³⁰ Saudis were excluded from housing, swimming pools, and other facilities in the American camp located in the Dhahran area. The same restriction applied to Egyptians, Indians, Pakistanis, and Palestinians.¹³¹ Internal company documents confirmed this policy: “[U]p to the moment we have an American community because we would not allow an Arab to live in it.”¹³² Arab families were discouraged from settling permanently in Dhahran, where American families lived.¹³³ The structure of the racial divide in the camps was “a corporate production.”¹³⁴

Male Arab workers were confined to “native camps,” where their families were not allowed to live with them. Arab and Indian workers resided in barastis, while, as noted above, American workers moved into permanent housing with air-conditioning.¹³⁵ Aramco sought to justify its racist segregation policies in its internal company documents. 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.”¹³⁶ Further, Mr. A. C. C. Hill, a member of the Personnel Planning Committee, pointed out that “we will be courting trouble if we [are] to mix in a community that which is unmixable.”¹³⁷ However, a company handbook recognized: “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 organization in an industrial enterprise of this character.”¹³⁸ Aramco’s policy solution was to allocate housing on the basis of job roles by creating three categories of jobs: senior staff, intermediate, and general. As we noted earlier, most Saudis were employed in general positions and did not qualify for higher-quality housing.

In 1951, Aramco launched its Home Ownership Program, which offered interest-free loans to enable Saudi employees to acquire their own homes and develop new communities on company townsites with roads and utilities.¹³⁹ Providing housing close to the production facilities gave Aramco more social control over the Saudi workforce and reinforced

129. *Business Week*, “Texas Was Never Like This,” 58.

130. Vitalis, *America’s Kingdom*, 119.

131. *Al-Muqattam*, “Saudi Oil Regions” (August 17, 1950), 6.

132. Education and Arab Training File, Box 19, Folder 2, April 17, 1949, 39, Harry Roscoe Snyder Papers.

133. Vitalis, *America’s Kingdom*, 109.

134. McAlister, “Race Worlds,” 1241.

135. Vitalis, *America’s Kingdom*, 56.

136. Education and Arab Training File, Box 19, Folder 2, April 17, 1949, 38, Harry Roscoe Snyder Papers.

137. Education and Arab Training File, Box 19, Folder 2, April 17, 1949, 29–30.

138. Lebkicher et al., *The ARAMCO Enterprise: A Handbook for American Employees of American Arabian Oil Company*, Part III, December 1957, 37. Box 2, Folder 4, Philip C. McConnell Papers.

139. McMurray, *Energy to the World*, Vol. 1, 165.

segregation. According to *The Economist*, “the schemes which seem to kill most birds with one stone are those for home ownership now being encouraged by Aramco.”¹⁴⁰ Saudi employees could access a low-interest loan repaid out of savings and wages. For Aramco, it was 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 \$40 million.¹⁴¹ It was also a device “to keep American Camp white.”¹⁴²

A majority of Aramco Saudi employees lived in nearby villages such as Dammam and Al-Khobar. Aramco’s housing policies paid scant regard to Saudi customs or that village households comprised of extended family members. Residences in the company townsites did not consider these kinship arrangements and were not designed to cater for them.¹⁴³ In 1960, there was a significant decline in applications to build homes on the company townsites. A preliminary survey of the Home Ownership Program conducted with Saudi employees living in the Dhahran district 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.”¹⁴⁴ Aramco eventually acceded to this request and allowed Saudis to obtain loans to build homes in their villages as opposed to on the townsites.¹⁴⁵ At the end of 1962, 3,963 Saudi Arab employees had built or purchased their own homes with Aramco’s financial assistance.¹⁴⁶

This change in company policy enabled Aramco to adopt “exemplification” impression management strategies that fit with the changing economic and political environments of the 1960s and 1970s. The narrative in the company reports reflected the change in the balance of power.

Healthcare

Aramco initiated its medical program in 1947 in response to Ibn Sa’ud’s request for assistance in promoting health and sanitation throughout the country as part of the government’s health plan. This was in part a symbolic action to influence internal and external stakeholders’ perceptions of the company.¹⁴⁷ Aramco recognized the benefits of having a healthcare program, and that “it is going to be accepted as a certain amount of philanthropy by Government.”¹⁴⁸

Aramco avoided being directly involved in the healthcare plan but focused on developing hospitals and clinics in Damman-Qatif in the Eastern Region, where it recruited workers. A healthy workforce was necessary to maintain oil operations and to maximize productivity:

140. *The Economist*, “The Impact of the Companies,” July 2, 1955, 11.

141. Vitalis, *America’s Kingdom*, 109.

142. Vitalis, *America’s Kingdom*, 108.

143. Citino, *Envisioning the Arab Future*, 118–120.

144. 1961 Report of Operations to the Saudi Arab Government by the Arabian American Oil Company, 2. Box 4, Folder 2, William E. Mulligan Papers.

145. Citino, *Envisioning the Arab Future*, 121.

146. 1962 Report of Operations to the Saudi Arab Government by the Arabian American Oil Company, 24. Box 4, Folder 3, William E. Mulligan Papers.

147. Elsbach, “Organizational Perception Management,” 306–307.

148. Education and Arab Training File, Box 19, Folder 2, April 17, 1949, 56, Harry Roscoe Snyder Papers.

The principle involved in Aramco’s preventative medicine program is fundamentally that of proper maintenance and care of manpower as opposed to eventual breakdown with necessary replacement, or repair, accompanied by many losses and delays. Briefly, this is preventative maintenance applied to men instead of machines.¹⁴⁹

Prevention was a lower-cost solution than relying solely on medical care services.¹⁵⁰

Table 3 shows that exemplification predominated in communications to the government, employees, and other stakeholders: “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.”¹⁵¹ Constructing medical facilities allowed Aramco to increase its influence and

Table 3. Narrative Text from Aramco Annual Reports of Operations Relating to Medical Provision and Healthcare

| Year | Narrative from Aramco Reports | Impression Management |
|------|--|-----------------------|
| 1938 | “A new staff hospital was provided which is well equipped to handle most of the medical work” (p. 14). | Exemplification |
| 1941 | “The medical staff began a campaign to reduce the cause of malaria in the towns of Al Khobar and Dammam” (p. 12). | Enhancement |
| 1946 | “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). | Exemplification |
| 1948 | “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). | Enhancement |
| 1949 | “The Dhahran Health centre was officially opened on January 22, 1949” (p. 26). | Exemplification |
| 1954 | “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). | Exemplification |
| 1955 | “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). | Exemplification |
| 1956 | “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). | Entitlement |
| 1961 | “Aramco health centers in Dhahran, Abqaiq and Ras Tanura provided hospital treatment for 5,492 patients and received 362,514 clinic visits” (p. 25). | Entitlement |
| 1966 | “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). | Exemplification |
| 1969 | “Aramco and Harvard completed their fifteenth year of joint research to develop a vaccine against trachoma” (p. 22). | Exemplification |
| 1972 | “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). | Exemplification |
| 1974 | “The company provided free medical care to all employees and approximately 55000 Saudi Arab employees’ dependents” (p. 15). | Exemplification |

Sources: Report of Operations to the Saudi Arab Government by the Arabian American Oil Company, various years, Box 3, Folders 42, 43, 45, Box 4, Folders 1 to 4, William E. Mulligan Papers.

149. Page and Daggy, “Aramco’s Preventative Medicine Program,” 196.

150. Daggy, “Administration of Medical Care,” 3.

151. 1955 Report of Operations to the Saudi Arab Government by the Arabian American Oil Company, 40, Box 4, Folder 1, William E. Mulligan Papers.

prestige in the kingdom in the postwar period. The medical department acted as a public relations tool for the company.¹⁵² As Aramco 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 cause of death among 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 to 1949 to 0.3 from 1960 to 1962.¹⁵³

The malaria control program 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.”¹⁵⁴ Aramco sought to eradicate malaria in the Eastern Province by spraying the walls and ceilings in the village huts with DDT. The malaria control program provided the company with data on the population’s health and enabled it to identify healthy workers when it expanded into new oil fields. The metric that Aramco used to assess the level of malaria in the villages around an oasis was the number of children carrying the malaria parasite.

The program 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.¹⁵⁵

This malaria program was not conducted ethically. Over ten years, thousands of blood samples were collected. Aramco calculated the number of children who tested positive and used 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 program.¹⁵⁶ A pre-DDT survey of village children in Safwa conducted in 1947 revealed a parasite rate of 71 percent, which fell to 6 percent in 1949 and 2 percent in 1952. The rate then increased to 31 percent in 1954, which revealed that mosquitoes were becoming DDT-resistant.¹⁵⁷

American employees lived in compounds far from the malarial regions. Aramco presented itself as a socially responsible employer whose aim was to improve the health and well-being of the local population. However, Aramco had its own economic goals, which were hidden by impression management tactics. Mr. A. C. C. 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

152. Parker, “Controlling Man-Made Malaria,” 479.

153. Daggy, “Administration of Medical Care,” 9.

154. Parker, “Controlling Man-Made Malaria,” 474.

155. Richard H. Daggy, “Preventative Medicine in Saudi Arabia, 1941–1964,” 8, oral history conducted by Carol Hicke, in *Health and Disease in Saudi Arabia: The ARAMCO Experience, 1940s–1990s*, Regional Oral History Office, The Bancroft Library, University of California, Berkeley.

156. Daggy, “Preventative Medicine in Saudi Arabia,” 7.

157. Page and Daggy, “Aramco’s Preventive Medicine Programme,” 200–201.

of the DDT spraying which has been applied [...]. [W]e have saved \$90,000 by our spraying program.”¹⁵⁸

Some managers viewed public health as the government’s responsibility, despite the strategic benefits to Aramco. However, if the government refused or could not pay the bill for spraying DDT, then the spraying stopped and the malaria rate would increase.¹⁵⁹ In this respect, “the company’s narrative of altruism came up against costs, and costs prevailed.”¹⁶⁰ Further, “Aramco’s Malaria Control Program centred less on concrete issues of public health and more on defining and managing the Saudi countryside and its populace for profit and diplomacy.”¹⁶¹ The Saudi monarchy also recognized the power and political benefits of modern medicine, which it used to demonstrate its fitness to govern Saudi Arabia and maintain its religious authority as protector of Mecca and Medina.¹⁶²

Aramco sought to increase its standing among employees and the population by using exemplification to emphasize 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 (\$500,000) research effort to find a vaccine for prevention of trachoma.”¹⁶³ Aramco also sponsored maternal and child healthcare programs: “Individual instruction was given to 1,500 expectant wives of Saudi Arab employees.”¹⁶⁴ Aramco was keen to stress the amount of money spent on healthcare initiatives and the number of patients receiving treatment.

This policy continued into the early 1970s as the Saudis gradually took control of their oil industry. Aramco was keen to highlight what it was doing to improve the well-being of employees and their families: “Saudi Arab employees and their dependents received free medical services which totaled approximately 402,000 clinic visits and 75,000 patient days of hospital care.”¹⁶⁵ Further, Aramco underlined the scope of the medical services that it provided: “The company conducts a comprehensive medical care program that includes maternal and child health care, immunizations, hearing conservation tests, and health education efforts that extend into the cities and towns where employees reside.”¹⁶⁶

In summary, Aramco’s involvement in healthcare provision indicates the complex inter-relatedness of pursuing corporate interests and the requirement for public healthcare provision in a developing country.

158. Education and Arab Training File, Box 19, Folder 2, April 17, 1949, 54–55.

159. Parker, “Controlling Man-Made Malaria,” 484.

160. Parker, “Controlling Man-Made Malaria,” 484.

161. Parker, “Controlling Man-Made Malaria,” 486.

162. Parker, *Making the Desert Modern*, 73.

163. 1954 Report of Operations to the Saudi Arab Government by the Arabian American Oil Company, 34. Box 4, Folder 1, William E. Mulligan Papers.

164. 1962 Report of Operations to the Saudi Arab Government by the Arabian American Oil Company, 23. Box 4, Folder 3, William E. Mulligan Papers.

165. 1972 Report of Operations to the Saudi Arab Government by the Arabian American Oil Company, 9. Box 4, Folder 4, William E. Mulligan Papers.

166. 1972 Report of Operations to the Saudi Arab Government by the Arabian American Oil Company, 9. Box 4, Folder 4, William E. Mulligan Papers.

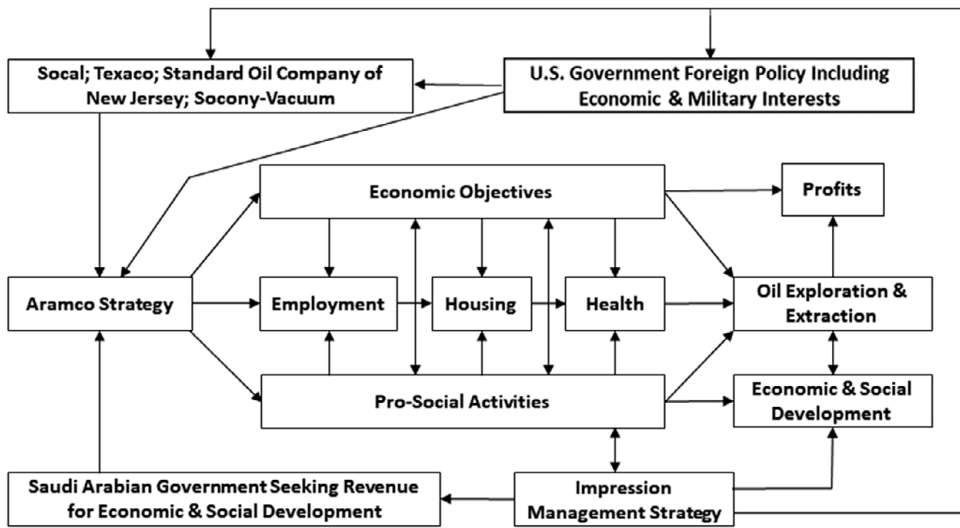


Figure 1. Theoretical model of the interrelationship between economic objectives and pro-social activities and the role of impression management.

Pro-Social Policies, Impression Management, and Development

This research examines Aramco’s pro-social policies during the period 1932 to 1974 by focusing on employment, housing, and healthcare as indicators of economic and social development. Our findings demonstrate the challenge that developing nations face in trading their national assets for economic prosperity. National aspirations to recover control of assets depend on local people being educated and trained to take up the managerial and technical positions held by foreign nationals. Our research supports the findings of a previous study conducted in the Mena region, where the Anglo-Iranian Oil Company used CSR initiatives to maintain social control over Iranian oil assets through disparities in treatment and segregation in employment, housing and health policies.¹⁶⁷ This research builds on previous studies by including the impression management strategies that companies implement to present a positive view of their pro-social policies.

Our model in Figure 1, derived from this research, demonstrates the interrelationship between pursuing economic objectives and pro-social activities, and the role of impression management in presenting a positive image of Aramco’s activities. The calculus for the company is the level and quality of resources devoted to pro-social activities that are deemed necessary to meet the economic objectives. This requirement will change over time in the face of pressure from the host government and demands from the workforce for improvements in living standards. Companies, such as Aramco, use impression management techniques to manage this balance to avert intrusive host government intervention.

167. Abdelrehim et al., “Corporate Social Responsibility.”

When companies provide public goods such as housing and health, they engage in political CSR.¹⁶⁸ In developed economies, infrastructure projects are mainly financed by the government.¹⁶⁹ In emerging economies, businesses often fill institutional and government voids.¹⁷⁰ Aramco was operating in a country with weak institutions apart from the monarchy and no governance structures. Explicit pro-social policies were required for both oil exploration and to support economic and social development.¹⁷¹ These pro-social activities served the company's interests.¹⁷²

Aramco viewed oil exploration and exploitation from Friedman's perspective of maximizing profits.¹⁷³ However, the company faced pressures from the Saudi government and in the postwar years from the US government to contribute to the country's modernization. Many CSR or pro-social activities were conducted for strategic reasons, including public image or preventing regulation.¹⁷⁴ The Saudi government depended on the oil revenue to meet the state's financial commitments. In the period up to 1973, oil production was increased to meet the company's commercial requirements instead of the needs of the Saudi economy or people.¹⁷⁵ Aramco presented itself as "a dedicated agency of development in alliance with the visionary Ibn Sa'ud."¹⁷⁶ In practice, Aramco avoided participating in public projects that lay outside the concession agreement or were not essential infrastructure projects or services required to support oil extraction. According to Yizraeli:

During the first three decades of its activity in Saudi Arabia, from 1940 to 1970, Aramco tried its best not to stray from the wording of the concession agreement and to focus mainly on oil production. Its involvement in development projects was mostly limited to improving the livelihood and educational skills of its Saudi workforce. Other countrywide projects in which the company became involved in that period were carried out at the Saudi government's request, rather than on Aramco's own initiative.¹⁷⁷

Aramco sought to influence the perceptions of its stakeholders by presenting itself as a socially responsible company.¹⁷⁸ The company adopted "assertive" as opposed to "defensive" impression management strategies to present a positive image of its pro-social activities.¹⁷⁹ However, to Aramco, "development was less an altruistic deed than a function of business policy, one related to resource extraction, concession protection, labor expansion, and corporate goodwill. Development became business strategy and diplomacy."¹⁸⁰ There were significant differences between Aramco's statements and its practices. Christensen and

168. Djelic and Etchanchu, "Contextualizing Corporate Political Responsibilities," 655.

169. Scherer and Palazzo, "Toward a Political Conception of Corporate Responsibility," 1109.

170. Djelic and Etchanchu, "Contextualizing Corporate Political Responsibilities," 655.

171. Matten and Moon, "'Implicit' and 'Explicit' CSR," 407.

172. Banerjee, "Corporate Social Responsibility," 52.

173. Friedman, "Social Responsibility of Business," 6.

174. Scherer and Palazzo, "Toward a Political Conception of Corporate Responsibility," 1114.

175. Yizraeli, *Politics and Society*, 37–39, 97, 124–127.

176. Vitalis, *America's Kingdom*, 78.

177. Yizraeli, *Politics and Society*, 64–65.

178. Tata and Prasad, "CSR Communication," 766.

179. Aerts, "On the Use of Accounting Logic," 338.

180. Parker, *Making the Desert Modern*, 7–8.

colleagues state that “hypocrisy on CSR-related issues may be regarded as *aspirational talk* with the potential to change organizations toward CSR improvements.”¹⁸¹ We can see that over time there were substantial improvements in training provision and promotion to senior positions for Saudi employees, and improvements in housing as well as healthcare. However, these improvements were not due to aspirational CSR talk leading to action but to a shift in power as Saudis gradually took control of their oil industry.

As noted above, Aramco was spurred more by retaining control over Saudi oil assets and levels of production than any philanthropic rationale. Control was primarily exercised through racism and discrimination in the workplace, housing, and health regulations. In employment for much of the period, there was segregation in skills and career opportunities. Saudis were trained in job-related skills with few prospects of advancement to higher-level positions. The increase in training and education provisions at the beginning of the 1960s was partly to replace 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 its Saudi employees. However, managerial positions were still overwhelmingly held by Americans at the beginning of the 1970s, even as the Saudi government took an increasing stake in Aramco. This made it difficult for the Saudis to manage their oil assets independent of American management.

Also as noted above, housing and healthcare were similarly segregated. Saudis were initially housed in barasti-type dwellings and dormitories and kept apart from their families, while white Americans and Europeans lived in purpose-built camps with their families and with amenities denied to the Saudi workforce. This segregation both reflected and reinforced the power and hierarchical status of the different groups of workers. From the 1950s, Aramco subsidized a home loan scheme for Saudi employees. The company adopted a narrative of exemplification to state how much finance was provided for home loans and how many employees had participated in the scheme. This was not attributed to altruism but to being a cheaper alternative in providing free housing comparable to that enjoyed by American employees.

There is little doubt that the workforce and later the Saudi population in the Eastern Region benefited from Aramco’s provision of medical facilities. 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 improving the population’s health. The narrative focused on the financing of services and the number of patient visits.

In summary, Aramco’s pro-social activities were heavily entwined with its economic objectives. We concur with Yizraeli’s argument that Aramco contributed to the economic development of Saudi Arabia, but “its contribution to the advancement of the entire population was modest, indirect, and much less significant than it appeared in the image the company attempted to project.”¹⁸²

181. Christensen et al., “CSR as Aspirational Talk,” 386.

182. Yizraeli, *Politics and Society*, 290.

Conclusion

Our research responds to Stutz’s call for “a more profound integration of history and CSR theorising.”¹⁸³ Adopting a longitudinal, historical analysis of the interrelationship between a company’s pro-social activities and impression management strategies provides a richer understanding of how companies manage their corporate image in changing economic and political environments. Our research contributes to the historical development of CSR by drawing on archival data to show how Aramco strategically utilized pro-social activities to maintain its hegemony over Saudi Arabian oil resources. Here we add to other studies that have investigated how CSR has been implemented to control resources in emerging economies.¹⁸⁴ Further, we contribute to the growing literature on impression management by bringing a fresh historical perspective to show how a company’s narrative changes in response to the shifting imperatives of stakeholders. Aramco used pro-social activities and impression management in combination as a mechanism of control. These policies were underpinned by racism and discrimination in the workplace. In this context, this article contributes to understanding “the ideological effects of the discourse of CSR” and how it can be used to support unethical practices in tandem with impression management.¹⁸⁵ Further, we make a methodological contribution to CSR and impression management by deriving a theoretical model from our research that could be used by other scholars to examine how oil corporations or multinational companies operating in emerging economies balance pro-social objectives with economic objectives, and how impression management techniques could be employed to influence the perceptions of stakeholders. Finally, a significant contribution of this study is the use of a selection of previously neglected historical documents, including the annual reports of Aramco from 1938 to 1974. Annual reports are strategic documents that signify a company’s activities and thus are important in managing impressions and mediating between different stakeholder groups.

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183. Stutz, “History in Corporate Social Responsibility,” 190.

184. Abdelrehim et al., “Corporate Social Responsibility”; Maurer, “Empire Struck Back,”; Tinker-Salas, *Enduring Legacy*.

185. Fleming et al., “In Search of Corporate Social Responsibility,” 342.

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