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The American University in Cairo
School of Global Affairs and Public Policy

**CORPORATE SOCIAL RESPONSIBILITY IN EGYPT:
A STUDY ON THE CURRENT PRACTICE,
CHALLENGES, AND POTENTIALS**

A Thesis Submitted to the Public Policy and Administration Department in partial fulfillment of
the requirements for the degree of Master of Public Policy and Administration

By

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Supervised by

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June 2014

DEDICATION AND ACKNOWLEDGEMENTS

First I would like to thank Dr. Ghada Barsoum and Dr. Shahjahan Bhuiyan for their immense support throughout my entire Master's program, especially during writing my thesis.

I would also like to thank my mother for her constant encouragement, love, and support.

Special thanks go to my husband Karim for his sacrifices, patience, love, understanding, encouragement, constant inspiration, and endless support. No one believes in me like he does. I would like to dedicate this thesis to him and to baby Noor, who has endured her mother's moodiness while finalizing the thesis.

Lastly, I hope this thesis will stimulate further research in the area of CSR in Egypt.

ABSTARCT

Corporate Social Responsibility (CSR) has gained momentum in Egypt throughout the past decade, yet very little empirical research was conducted on CSR practice in Egypt. This study provides an in-depth understanding of why and how is CSR practiced in Egypt, the challenges faced, and how CSR practice can improve in general. The study presents a series of contextualized and tailor made recommendations for using CSR as an agent of good development. To serve the purpose of this study a series of qualitative in-depth interviews were conducted with thirteen members of the CSR community in Egypt. Data collected from interviews exposed a different reality of CSR practice than the one offered by literature. There is a substantive gap between Western CSR theory and practice, and what is actually happening on the ground in Egypt. For instance, members of the CSR community believe that the philanthropic side of CSR was practiced in Egypt centuries ago by both individuals and businessmen mainly for religious purposes. CSR in Egypt is perceived as a long-standing charitable, informal, paternalistic, voluntary practice, associated with religious beliefs. On the other hand, the modern, secular, and corporate concept of CSR emerged in Egypt in the early 2000, thanks to Multinational Enterprises (MNEs) who introduced the concept in Egypt. Interviews also revealed several flaws in the current practice such as CSR being used primarily as a Public Relations (PR) and marketing tool, the lack of a CSR partnership model, and the lack of a CSR vision. The study ends with a series of recommendations. Recommendations suggested by interviewees include greater cooperation between different stakeholders, more research on CSR practice, and finally, investing less in charitable activities, and more in development programs. Recommendations suggested by the researcher include the establishment of a CSR National Council with the mandate of creating a CSR framework and lobbying for CSR policies in Egypt.

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CHAPTER ONE

The business of business is no longer just business, if indeed it ever was (Newell and Frynas, 2007, p.679)

1. Introduction

In an increasingly globalized world, social and environmental issues such as human rights, environmental protection, labor rights, poverty, and sustainability became highly debated topics in the agenda of many governments, civil society organizations, and businesses. Over the past few decades, these issues have emphasized the need for businesses to act more responsibly towards employees, the environment, the government, customers and society as a whole, and to take the issue of Corporate Social Responsibility (CSR) more seriously (Idowu and Filho, 2009).

Though CSR is broadly defined as the responsibility of businesses to society, researchers and CSR practitioners have been struggling to provide both theoretical and empirical clarity to this concept (Brown and Forster, 2013). The term CSR has been defined by the European Commission as, “the voluntary contribution of companies to a better society and a cleaner environment” (Arzova, 2009, p.374). Although this definition is quite vague, and does not imply any straightforward responsibility for the private sector towards its stakeholders, yet it was a stepping stone for a paradigm shift in the way the private sector does business.

Other institutions developed a more comprehensive understanding of CSR. For instance one of the most cited definitions of CSR is the one provided by the World Business Council for Sustainable Development (WBCSD). Which refers to CSR as,

“the commitment of business to contribute to sustainable economic development, working with employees, their families, and the local communities” (Jamali and Mirshak, 2007, p.244).

This definition clarifies that CSR is not about “simple good will or philanthropy, it is about companies adopting a comprehensive approach with respect to their impact on the communities where they operate” (CDS, 2006, p.9).

Independently of how CSR is defined, the importance lies in the overarching paradigm shift, where businesses no longer work in a vacuum. For decades businesses were ‘only’ expected to provide goods and services, employment, increase investments, pay taxes, and maximize benefits to shareholders (Idowu and Filho, 2009). All these practices were being implemented “regardless of whose interests or feelings were injured” (Idowu and Filho, 2009, p.2). But stakeholders are “no longer naïve, instead they are sophisticated, educated, well informed, and above all, they know what is best for them” (Idowu and Filho, 2009, p.2). So starting the twentieth century, businesses are accountable for acting responsibly in both, their day to day operations, and in their general relationship with their community and environment; basically their mere existence goes beyond profit-making (Idemudia, 2011).

This paradigm shift for businesses initially emerged in the U.S. and Europe. And thanks to globalization and the spread of Multinational Enterprises (MNEs) expanding its

businesses in the Eastern and Southern World, CSR soon became a popular concept in many countries in the Middle East, Africa, and the Asian continent (Frederick, 2006). And in the developing world, CSR is a highly contested concept (Idemudia, 2011).

Although highlighting the history of CSR is not the objective of this research, yet, since the concept of CSR is such a recent phenomenon, understanding more the history and the rationale behind the emergence of such a new concept would be of great value to readers, and to the overall objectives of this research.

Hence, before presenting the other sections of this chapter, the next sub-section will present some important background information on the rise of CSR.

1.1. Historical Account on the Rise of CSR

Historically businesses used to operate within the dominant framework suggested by Adam Smith (1776), where “the free market economy is self-regulating by means of the invisible hand” (Claydon, 2011, p. 406). And later with Friedman’s (1970) argument that “the social responsibility of business is to increase its profits” (Claydon, 2011, p. 406). Yet businesses and societies have changed tremendously over the past 40 years (Lee, 2008).

According to Frederick (2006), CSR first emerged in the U.S. during the 1950’s and 1960’s after “a great tsunami of public outrage and hostility pounded business unmercifully... [and] enormous waves of anti-business sentiment” swept the business

community (Frederick, 2006, p.23). Initially, businesses perceived this hostility as unfair criticism, however some businesses realized that the community was calling for businesses to act more responsibly (Frederick, 2006). This responsibility went beyond philanthropy work and good will, as the community was calling for businesses to act responsibly in their day to day work, and to take into account stakeholder interest.

Overall corporate “resistance to the call for socially responsible behavior was common from the 1940’s to the 1970’s” (Lee, 2008, p.53). As the notion of CSR came as a surprise to many businesses that enjoyed a “generally favored place in public opinion in post-World War II years” (Frederick, 2006, p.46). But during the 1970’s this antibusiness sentiment threatened the reputation and sustainability of these businesses, consequently during the 1970’s the business community in the U.S. started taking the basic notions of CSR into their agenda. This was later translated into a revamp of their policies and procedures as well as more attention given to stakeholder interest (Frederick, 2006).

Later on, as a result of globalization, and the proliferation of MNEs around the world, the impact businesses had on the society and the environment became increasingly important (Lee, 2008). The 1970’s “proved to be a turning point in the evolution of corporate responsibility practices and policies” (Post, 2013, p.55). According to Post (2013), this development was due to three main factors, business scandals, political pressure, and “public intolerance of corporate misdeeds” (Post, 2013, p.55).

By the late 1990's, the concept of CSR "became almost universally sanctioned and promoted by all constituents in society" (Lee, 2008, p.53). And many businesses around the world started to accept "the importance of establishing worldwide standards for responsible supplier, manufacturing, and operating practices" (Post, 2013, p.60).

Today CSR became truly a global idea, "endorsed and actively promoted by key global institutions such as the World Bank, the OECD, and the UN" (Gjolberg, 2009, p.10). CSR has gained momentum in academia as well. Starting the 1970's business schools in Europe and the U.S. established the field of business ethics, and several academic journals such as the journal of business ethics, and the journal of social responsibility, are now devoted to discussing CSR topics and presenting new research (Sasse and Trahan, 2007). This is an important indication showing the importance given to this recent concept in the academic world, in addition to business circles and international institutions.

In summary, CSR - with its multifaceted definitions - emerged 50 years ago in the U.S and Europe as a paradigm shift in the way businesses are expected to operate, and behave towards the community, the environment, and stakeholders. CSR emerged as a response to local community pressures for businesses to behave more responsibly, and thanks to globalization this concept became global in just few decades.

In Egypt, CSR has "become the focus of increasing attention and concern" (Idowu and Filho, 2009, p.339). Yet extremely limited research on this topic makes it impossible to present a historical account on the rise of CSR in Egypt. Indeed, there are many

unanswered questions revolving around CSR in Egypt, and this study aims at addressing some of these questions. The study addresses the why and how of CSR practice in Egypt, as well as the main challenges faced while implementing CSR.

Being one of the very few researches on CSR practice in Egypt, this study is a significant contribution to existing literature. The main objectives of this piece is to provide a deeper understating of CSR practice in Egypt, identify challenges faced during implementation, provide important recommendations for improving CSR practice in general, and explore the potential of CSR as a tool for national development.

To serve the purpose of this study a series of qualitative in-depth interviews were conducted with the following CSR stakeholders: Non-Governmental Organizations (NGOs), Multinational Enterprises (MNEs), Media and Public Relations (PR) agencies, and a CSR consultant. Rich data collected from the empirical research presents significant findings. The most prominent of which is a different reality of CSR practice in Egypt than the one offered by literature. There is a substantive gap between Western CSR theory and practice, and what is actually happening on the ground in Egypt. For instance, members of the CSR community believe that the philanthropic side of CSR was practiced in Egypt centuries ago by both individuals and businessmen mainly for religious purposes. Members of the CSR community in Egypt perceive CSR as a long-standing charitable, informal, paternalistic, voluntary practice, associated with religious beliefs. On the other hand, the modern, secular, and corporate concept of CSR emerged in Egypt in the early 2000, thanks to MNEs who introduced the concept in Egypt.

1.2. Statement of the Problem

CSR has been practiced in Egypt for the past decade, yet there is no clarity on the effectiveness of CSR practice in Egypt, and whether or not it is achieving its full potential while taking stakeholders' interests into account.

In light of the increasing attention given by academia, CSR practitioners, and International Organizations to the concept of CSR and the role of businesses in society, extremely limited literature and empirical research conducted on CSR in Egypt, and my professional and academic interest in CSR. This study aims at shedding light on why, and how is CSR practiced in Egypt, the challenges faced, how CSR practice can improve in general, as well as exploring the potential of CSR as a tool for achieving national development.

This study is an important contribution for a number of reasons. First, it will help CSR practitioners, MNEs, researchers, NGOs, and the government in Egypt to better understand the current CSR practice. Second, the study provides recommendations to MNEs, NGOs, and the government, to apply effective, long-term, and useful reforms that would enhance CSR practice in general, as well as integrate efforts to make the best out of CSR practice as a tool for national development. The suggested reforms also aim at implementing CSR practices that maximize collective benefit, instead of those of a single entity. Third, the study is a significant contribution to literature. Finally, the study will hopefully help in stimulating further research in this topic.

1.3. Research Questions

Being an under-researched topic in Egypt, there are many questions revolving around CSR practice, and this research addresses several important issues. To be able to effectively meet the research objectives mentioned above, the study will address the following research questions:

- 1) Why is CSR practiced in Egypt?
- 2) How is CSR practiced in Egypt?
- 3) What are the main challenges faced in the current CSR practice?
- 4) Based on this study, what are the recommendations for improving CSR practice in Egypt towards a national development tool?

1.4. Thesis Outline

As per the below outline, this thesis consists of six chapters. It started with an introduction, then will follow with a conceptual framework, literature review, methodology, data analysis and research findings, and finally, conclusion



Chapter one introduced the concept of CSR, giving the necessary background and historical information on the concept, as well as presenting the research problem, research objectives, and research questions for this study.

Chapter two presents the conceptual framework developed for this study. Where I have identified three distinct theoretical frameworks from literature and developed a general framework for the thesis called The Holistic Approach to CSR Practice.

Chapter three presents the review of relevant literature on CSR, with specific reference and focus on the role of CSR in development, and the role of government in CSR practice.

Chapter four covers the methodology applied in this research. It starts with the research design, sample selection, and limitations to the study.

Chapter five presents the empirical data collected through qualitative interviews with a sample of thirteen CSR stakeholders in Egypt. In this chapter I also analyze the data collected, addressing the research questions proposed for this study. Rich data emerged from this study showing that members of the CSR community in Egypt define CSR differently than Western scholars. In Egypt members of the CSR community differentiate between the philanthropic, religious aspect of CSR, apparently practiced for centuries in Egypt, versus the modern, secular concept, imported from the West in the early 2000.

Finally, Chapter six presents the conclusion drawn from the research findings, including recommendations to improve CSR practice in general, as well as using CSR as a tool for national development.

CHAPTER TWO

2. Conceptual Framework

This chapter presents the conceptual framework developed for this study. I have identified three distinct theoretical frameworks from literature, then developed a general framework for the entire research called The Holistic Approach to CSR Practice, discussed in more details below.

2.1. The Holistic Approach to CSR Practice

A thorough literature review revealed that despite growing interest in CSR, still there is no general consensus on a definition for CSR (Lin-Hi and Müller, 2013). Instead of “being a consistent concept, CSR is an umbrella term that encompasses various overlapping areas” (Lin-Hi and Müller, 2013, p. 1928). Dahlsrud (2008) claims that there are 37 different definitions of CSR in literature (Dahlsrud, 2008). Being such a dynamic and recent concept, scholars define and discuss CSR under many different lenses; unfortunately this is not helping CSR practice. Indeed, there is a significant “gap between the corporate CSR rhetoric and actual practice on the ground because of difficulties in making it operational” (Pedersen, 2006, p.138). This is a key challenge in CSR practice as businesses “are left with little guidance when they try to translate the abstract concepts of CSR into practice” (Pedersen, 2006, p.138).

Given the above discussion, I believe that a detailed framework is needed in order to set theoretical boundaries to a concept so colorfully described. I also believe that a detailed framework will effectively, address all research questions proposed for this study,

provide the correct theoretical validity and reliability, and if tested this framework might also help organizations and CSR practitioners implement sound CSR practices, especially if geared towards national development. The conceptual framework I developed for this study serves all these purposes.

I named the conceptual framework for this study The Holistic Approach to CSR as it combines three main theories, giving CSR a truly holistic definition. This conceptual framework is simply an integration of three theoretical frameworks into a gear shape.

The gear illustration implies that one theoretical framework cannot be implemented without the other. And that effective CSR practice is a result of the effective integration of these three principles. The gear shape also implies that these three theories should be implemented in order, where Carroll's (1991) CSR pyramid comes first, followed by Freeman's (1984) stakeholder theory, ending with Sagebien and Whellams's (2010) framework of CSR as Good Development.

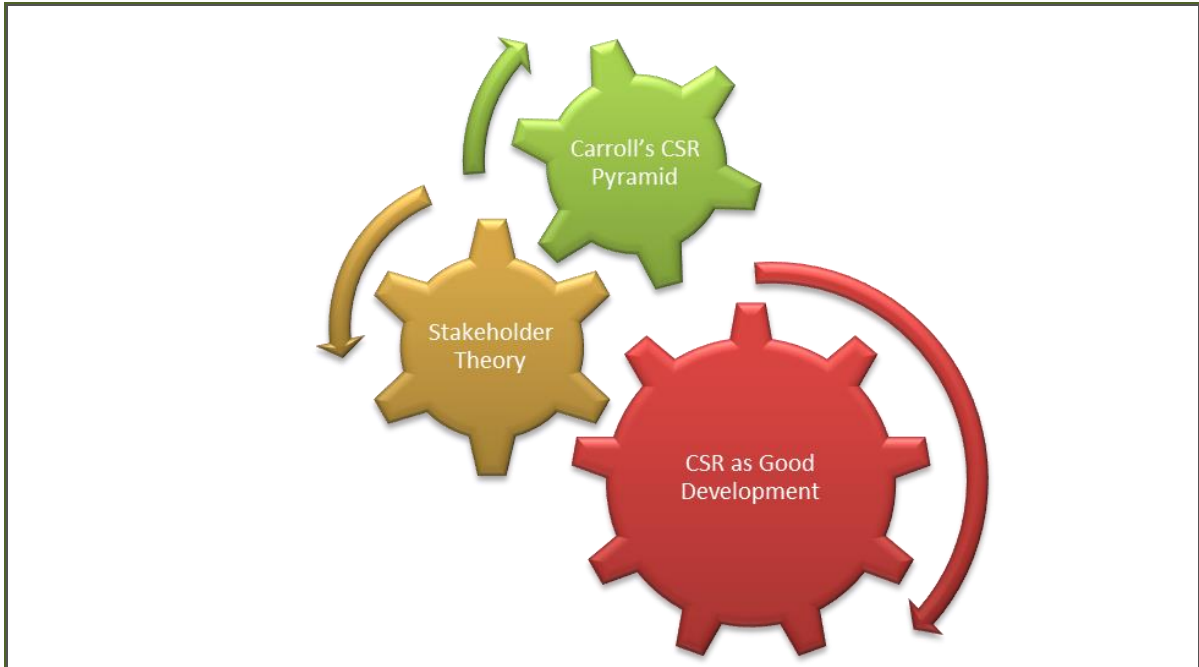


Figure 1: The Holistic Approach to CSR Practice.

The first principle, being the core or basic responsibilities of businesses, is represented by Carroll's (1991) CSR pyramid. Carroll's (1991) CSR pyramid consists of four layers of responsibilities: economic, legal, ethical, and philanthropic.

The second gear or the second principle presents CSR practice in relation to its stakeholders, and is presented by Freeman's (1984) stakeholder theory. Where effective CSR practice is one which integrates effective and genuine stakeholder engagement techniques.

The third and final gear places CSR in the context of development, by framing CSR as an agent for good development. This principle is presented by Sagebien and Whellams's (2010) framework of CSR as Good Development.

Carroll's (1991) CSR pyramid comes first because it represents *what is* CSR, and what are the main responsibilities of businesses in any given society. Freeman's (1984) stakeholder theory complements Carroll's (1991) CSR pyramid by focusing on *to whom* these obligations are related to, or *to whom* these responsibilities should serve. Hence CSR is not practiced in vacuum, according to the Holistic Approach to CSR Practice; CSR should be practiced to serve stakeholders interests. The final gear, Sagebian and Whellams's (2010) CSR as Good Development framework represents *how* businesses together with its stakeholders can actively and efficiently participate in the development discourse. Hence taking CSR an extra mile, and maximizing the potential and positive impact of CSR practice.

The mechanism of the gear is one which starts with the basic four responsibilities listed by Carroll (1991), which encourage businesses to take stakeholders' interests into consideration. Once this happens, stakeholders will also move businesses' responsibilities towards concrete actions that serve their interest. Once businesses' responsibilities and stakeholders' interests are interconnected and responsive to each other, this will drive stakeholders to take CSR into the next level which is engaging in development. This final gear is the ultimate potential for CSR practice. As a result of active stakeholder engagement CSR matured from simple business responsibilities to actively engaging and participating in development.

Each gear or each theoretical framework will be discussed in details below.

2.2. Carroll's CSR Pyramid

The first gear to The Holistic Approach to CSR Practice is Carroll's (1991) CSR Pyramid, which defines CSR as the "economic, legal, ethical, and philanthropic responsibilities of companies" (Gjolberg, 2009, p.12). These responsibilities are illustrated in the diagram below:

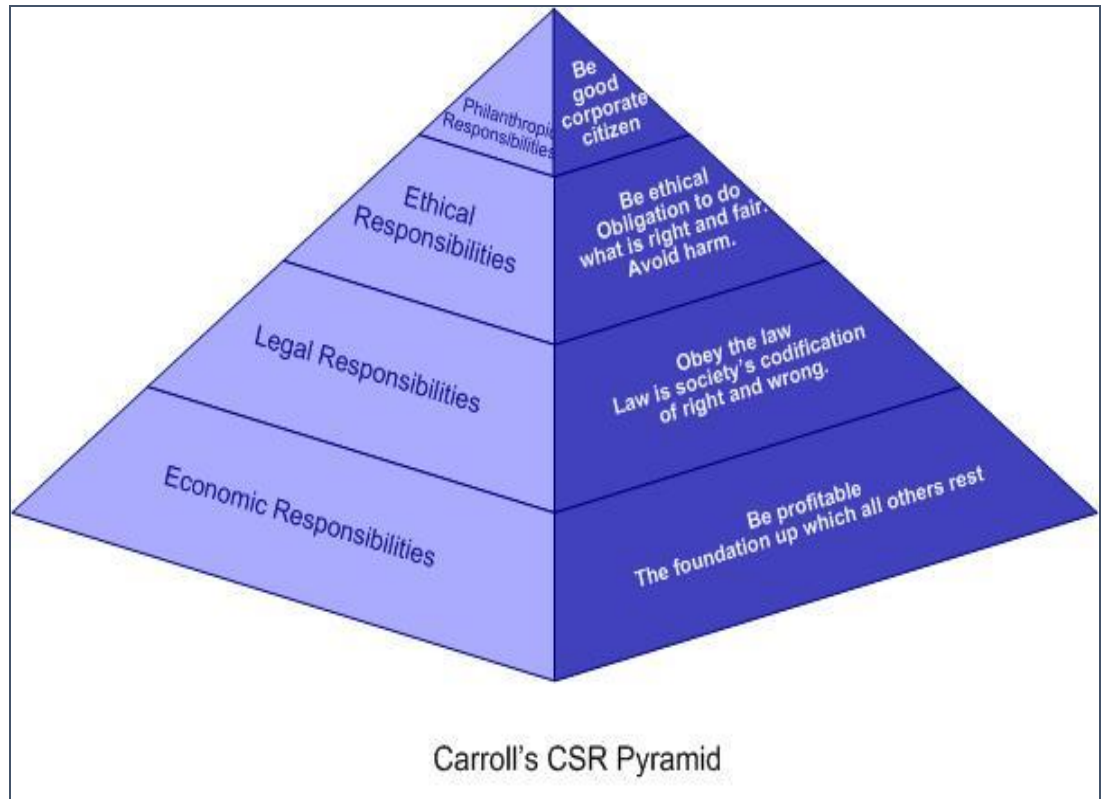


Figure 2: Carroll's CSR Pyramid (Carroll, 1991, p. 42)

Carroll (1991) suggests that CSR has four levels of responsibilities; these are economic, legal, ethical, and philanthropic responsibilities (Carroll, 1991). Economic and legal responsibilities have always existed before, "but it has only been in recent years that ethical and philanthropic functions have taken a significant place" (Carroll, 1991, p.40). But what does each responsibility entails? Below is a brief description of the four

responsibilities of businesses, which also constitute a definition and a rationale for CSR practice.

Economic Responsibilities:

By default businesses are created as economic and profit making entities, “designed to provide goods and services to societal members” (Carroll, 1991, p.41). Hence, profit making is the main drive and incentive behind establishing a business. Economic responsibilities come at the bottom of the pyramid, as it is the foundation of any business. Carroll (1991) lists the economic responsibilities of a business as: performing in a manner consistent with maximizing profits, commitment to being as profitable as possible, preserve a strong competitive edge, maximize efficiency, and being identified as a consistently profitable business (Carroll, 1991).

Legal Responsibilities:

By legal responsibilities Carroll (1991) implies that

“society has not only sanctioned businesses to operate according to the profit motive, but business is expected to comply with the laws and regulations promulgated by federal, state, and local governments as the ground aisles under which business must operate” (Carroll, 1991, p. 41).

Here businesses have the responsibility to comply with existing rules and regulations, and respect the rule of law. Legal responsibilities come before social responsibilities. Where being legally responsible and compliant with the regulatory and legal framework of a given country comes before the notion of giving back to society, and the environment.

As suggested by Carroll (1991), legal compliance consists of: performing in consistence with the law and expectations of the government, comply with regulations, be identified as a business that is compliant with the law, provide goods and services that meet legal requirements, and “be a law-abiding corporate citizen” (Carroll, 1991, p.41).

Ethical Responsibilities:

Businesses’ ethical responsibilities is a highly debated topic amongst academia and business circles, as its vague notion sometimes keeps it at the mercy of subjective interpretations. This research piece will follow Carroll’s (1991) definition of ethical responsibilities, described as,

“activities and practices that are expected or prohibited by societal members even though they are not codified into law...ethical responsibilities embody those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regards as fair, just, or in keeping with the respect or protection of stakeholders’ moral rights” (Carroll, 1991, p.41).

The emergence of ethical responsibilities is the real paradigm shift in how businesses are expected to operate, as they are required to take steps beyond legal compliance. Ethical responsibilities are the moral side of how businesses operate. According to Carroll (1991), ethical responsibilities implies: performing according to society’s moral and ethical norms, recognizing and respecting new ethical norms as developed by the society, avoiding compromising ethical norms for achieving business goals, realizing that ethical responsibilities is a step beyond legal and internal compliance, and that “good corporate citizenship is defined as doing what is expected morally or ethically” (Carroll, 1991, p. 41). By definition ethical responsibilities seek to adapt to the local ethical fabric identified by the society in which the business operates.

Philanthropic Responsibilities:

This is the final layer in Carroll's (1991) CSR pyramid of responsibilities. Philanthropy here is defined as "corporate actions in response to society's expectation that businesses be good corporate citizens, this includes actively engaging in acts or programs to promote human welfare or goodwill" (Carroll, 1991, p.42). Philanthropy includes cash donations or donating employees' time in social activities (Carroll, 1991). Philanthropy is a voluntary act of good will, where society desires "firms to contribute their money, facilities, and employee time to humanitarian programs or purposes" (Carroll, 1991, p.42).

This final layer of responsibility falls under the principle of giving back to the community, being a good neighbor to society, and benefiting the society from the presence of the business in a particular area. According to Carroll (1991), philanthropy implies: meeting society's expectations on the philanthropic role played by the business, the participation of managers and staff in voluntary charitable activities, supporting education, and supporting "projects that enhance a community's 'quality of life'" (Carroll, 1991, p.42).

Although Carroll's definition of CSR is probably the most cited definition in literature yet some scholars criticize and challenge Carroll's definition. For example some argue that the four guiding principles in Carroll's CSR pyramid does not "lend themselves easily to empirical testing due to their complex nature...while economic data is easily available, it will hardly separate the responsible companies from the irresponsible ones"

(Gjolberg, 2009, p. 12). This argument is valid, as putting measures or standards for what constitute ethical responsibilities for instance, might be a challenging task.

Others claim that what can be characterized as ethical responsibility in one country, can be judged as legal compliance in another country (Gjolberg, 2009). The argument here is that, although CSR is a global concept yet, it should enjoy some flexibility in the way it is being implemented, especially in different countries with different legal and ethical norms. This is a highly debated issue in literature, especially when discussing CSR in developing countries, which will be discussed in the following chapter.

In summary, despite these critiques, Carroll's (1991) CSR pyramid offers an important understanding of businesses' core responsibilities. The pyramid begins with the basic building block of sound economic performance, and profit maximization (Carroll, 1991). Legal compliance comes next, because in democratic societies, "the law is society's codification of acceptable and unacceptable behavior" (Carroll, 1991, p.42). Followed by ethical responsibility, where businesses are expected to act with fairness, justice, do what is right, and not harm stakeholders (Carroll, 1991). Finally, comes philanthropic responsibilities, where businesses are "expected to contribute financial and human resources to the community and to improve the quality of life" (Carroll, 1991, p.42). These four aspects of CSR are not mutually exclusive, but coordinated efforts to be followed by a socially responsible business (Carroll, 1991).

2.3. Stakeholder Theory

The second gear to The Holistic Approach to CSR Practice is the stakeholder theory. Unlike Carroll's (1991) CSR Pyramid, Freeman's (1984) stakeholder theory is not a CSR model by itself, yet it is "one of the earliest and most commonly referred to theories of CSR" (Claydon, 2011, p. 408). As Pedersen (2006) claims, the stakeholder model sets a new paradigm shift for businesses to become more "integrated in, rather than separated from, the rest of society" (Pedersen, 2006, p.139). Indeed, Freeman's (1984) stakeholder theory rejects the idea that businesses only have responsibilities towards shareholders, instead he believes that businesses "bear a fiduciary relationship to stakeholders" (Claydon, 2011, p. 408).

But who are stakeholders? According to Freeman (1984), stakeholders are "any group or individual that can affect or is affected by the achievement of a corporation's purpose" (Freeman, 2004, p.229). Organizations generally have internal and external stakeholders, internal stakeholder include employees, management, board of directors and shareholders (Sagebien and Whellams, 2010). External stakeholders include customers, governments, supply chain, communities, competitors, and the environment (Sagebien and Whellams, 2010).

And what is stakeholder theory exactly? It is a theory of "organizational management and ethics" (Phillips et al, 2003, p. 480).

"Stakeholder theory is distinct because it addresses morals and values explicitly as a central feature of managing organizations. Managing for stakeholders involves attention to more than simply maximizing shareholder wealth. Attention to the interest and well-being of those who

can assist or hinder the achievement of the organization's objectives is the central admonition of the theory" (Phillips et al, 2003, p.481).

The main rationale behind stakeholder theory is that stakeholders to any organization "have the right not to be treated merely as a means to an end," but should have the right to participate in the direction of this organization, "in which they hold a stake" (Claydon, 2011, p.408). The idea is that any organization has a group of people that affect or is affected by this organization; hence the views and stake of these people should be taken into consideration (Freeman, 2004). Stakeholder theory implies a list of actions as follows: first, organizations have to take into consideration the effect of its action on its stakeholders (Freeman, 2004). Second, organizations must understand stakeholders' values, behaviors, and interests (Freeman, 2004). Third, understand stakeholders' relationship with the organization (Freeman, 2004). Fourth, engage in strategic management and planning to take stakeholders' interests into account (Freeman, 2004). And finally, balance stakeholder interests over time (Freeman, 2004).

Also, with Freeman's (1984) stakeholder theory the issue of procedural justice gained momentum.

"Who gets how much of the organizational outcomes pie is an important question, but so is who gets a say in how the pie is baked. Stakeholder theory is concerned with who has input in decision-making as well as with who benefits from the outcomes of such decisions" (Phillips et al, 2003, p.487).

The core principle here as Freeman (1984) puts it is that, "stakeholders are about the business, and the business is about the stakeholders" (Freeman, 2004, p.231). Stakeholder engagement is an important opportunity for businesses and stakeholders "to identify and debate what each of them regard as 'appropriate business behavior' in

relation to economic, social and environmental matters” (O’Riordan and Fairbras, 2008, p.747). That is why this principle is crucial for sound CSR practice. Some scholars argue that stakeholder engagement is the true essence of CSR, because without the rapport built between the business and its stakeholders, the former will suffer from a gap in understanding what stakeholders need or expect from them (Pedersen, 2006).

Unfortunately, some researchers claim that the notion of stakeholder engagement is not practiced efficiently by several businesses (Barkemeyern, 2009). Indeed, some scholars claim that “intended beneficiaries of CSR initiatives are either not adequately involved or are even completely left out of the CSR agenda” (Barkemeyern, 2009, p.276). Despite the importance of stakeholder engagement businesses are faced with several challenges such as, ways to effectively identify stakeholders, different approaches in stakeholder engagement, and methods for managing conflicting expectations amongst different stakeholders (O’Riordan and Fairbras, 2008).

In summary, for years scholars have discussed the notion of CSR in the context of businesses’ relationship with the society at large (Brown and Forster, 2013). This context implies that CSR strategies and activities should be implemented while taking stakeholders’ interests into account (Muller, 2006). Thanks to Freeman (1984), stakeholder theory became an essential ingredient for organizations to deal with its stakeholders at large. In the context of CSR, stakeholder theory suggests that organizations do not implement CSR in vacuum, or in a manner disconnected from

stakeholders' interests. Under this notion, CSR should be a responsive tool towards meeting stakeholders' various interests'.

2.4. CSR as Good Development

The third and final gear to The Holistic Approach to CSR Practice is Sagebien and Whellams's (2010) framework of CSR as Good Development. The rationale for adding this third gear is that this study places CSR in the context of being a potential development tool in Egypt.

But what is good development? Although very simplistically defined by Sagebien and Whellams (2010), good development "leads towards sustainable development, and bad development as one that does not do so" (Sagebien and Whellams, 2010, p.487). And how can CSR be a tool for good national development? The next chapter of this study presents literature discussions on the role of CSR in the development discourse. Yet, Sagebien and Whellams (2010) summarized these debates, highlighting the main aspects of CSR that can create good or bad development (Sagebien and Whellams, 2010). Accordingly, CSR as Good Development presents a general framework for how CSR can be an agent to development in any given country. The features of this framework are not comprehensive at all, but are helpful as they provide businesses with important indicators as to what CSR actions constitute good development versus bad development. It is important to emphasize that businesses' involvement in development is totally a voluntary act, yet this framework points at the potential significant role CSR can have in the development discourse.

“In the context of the developing world, CSR is conceptualized primarily as a means through which to expand the benefits of private profit making activities beyond the boundaries of the firm...by voluntarily going beyond the ethical, legal and public expectations that society has of business” (Sagebien and Whellams, 2010, p.488)

As presented by Sagebien and Whellams’s (2010), CSR would constitute good development if it maximizes the spillover effect of foreign direct investments (Sagebien and Whellams, 2010). This can be possible when investors for example decide to contribute to the national development agenda by creating jobs, transferring knowledge, and building infrastructure (Sagebien and Whellams, 2010).

CSR is good development also when it addresses governance gaps, by fostering transparency, rule of law and ethical practices (Sagebien and Whellams, 2010). Also when it introduces “higher levels of performance than those required (or enforced) by local law” (Sagebien and Whellams, 2010, p.487). When it “reduces social and political conflict and prevents/remediates to environmental damage” (Sagebien and Whellams, 2010, p.487). And finally, when it promotes stakeholder cooperation towards development goals, and promotes a healthy and viable local supply chain (Sagebien and Whellams, 2010). All these aspects make CSR a good development tool.

On the other, CSR as bad development would ignore poverty and social inequalities, would usurp the role of the local government, and would not engage in development efforts primarily because businesses and development would have conflicting agendas (Sagebien and Whellams, 2010). CSR as bad development would also lack development expertise within businesses, and would have North- driven CSR agendas and not locally

tailored CSR agendas that meet local needs (Sagebien and Whellams, 2010). Finally, CSR efforts and activities would be serving only the business strategy or interests and not the stakeholders' interests or development interests.

In summary, this chapter presented the conceptual framework developed for this study. The absence of a generally unanimous definition of CSR in literature was a challenge to this study, yet it encouraged me to develop a holistic framework for CSR practice that would integrate three key theories and frameworks developed by other scholars. The outcome of this effort was the development of The Holistic Approach to CSR Practice. This framework is presented in a gear shape indicating that CSR should be implemented with these three notions working together. Literature is rich with studies and debates on CSR practice, and this framework helped in contextualizing this study in the best possible way. The next chapter will cover the literature review for this study, focusing on two specific yet relevant topics to the purpose of this study.

CHAPTER THREE

3. Literature Review

Literature on CSR consists of a mosaic of definitions, frameworks, researches, debates, case studies...etc. CSR is indeed a rich topic in literature, with many scholars discussing CSR in many different angles. This makes it very challenging to present all these themes and debates in just one chapter. For example literature offers 37 different definitions of CSR, from 27 different authors, over a time span of 1980 to 2003 (Dahlsrud, 2008). On top of that, the conceptual framework developed for this study already identified both a detailed definition and a holistic approach to CSR practice, so more information on CSR conceptual frameworks would be of no value to the study.

Also, I consider this research as an overall significant contribution to literature, not only thanks to the findings of the study, but also thanks to the way important information is presented and discussed – including information presented in the conceptual framework and literature review chapters. Being an integral part of this research, I also believe the literature review should be strategic and focused, and should help in addressing the research questions developed for this study. Finally, being a thesis submitted to the School of Global Affairs and Public Policy, I believe that a discussion of CSR in the context of development and public policy will be of more value and relevance, and will distinguish it from a thesis submitted to an MBA program. Based on this discussion, I therefore decided to present a focused review of CSR literature, presenting two main topics only: the role of CSR in development, and the role of government in CSR practice.

3.1. The Role of CSR in Development

When reviewing literature on CSR and development, scholars raise concepts and theories from almost all social science disciplines, from political economy and sociology, to public administration, and human rights (Vallentin and Murillo, 2012). This is the case for a number of reasons. First, CSR per se is a highly dynamic and contested issue, and scholars from different academic and professional fields struggle to provide some clarity to the concept. Second, being such a dynamic concept, CSR in recent years ‘matured,’ shifting the CSR discourse towards its potential role in the development arena (Idemudia, 2008, p.93). With several scholars agreeing that CSR has a “powerful potential to make positive contributions to addressing the needs of disadvantaged communities in developing countries” (Ite, 2004, p.1). Third, the concept of development itself is also a highly contested issue, with multiple definitions and interpretations (Okoye, 2012). Sometimes development,

“connote economic growth or changes in social, economic and political aspects in a country or by reference to indicators and standards developed independently for measuring GDP, GNP, income levels and so on” (Okoye, 2012, p.368).

The relationship between these two contested concepts – *CSR and development* - led scholars to study both concepts under several lenses and different social science disciplines, versus the traditional management and development schools (Prieto-Carron et al, 2006). This relationship also led to the “emergence of a critical CSR-development research agenda aimed at highlighting the potentials and limitations of CSR efforts geared towards development” (Idemudia, 2008, p.91). The CSR-development research agenda is rich with discussions, debates, and concepts, and the main recurrent discussions

revolve around the why and how of CSR in development. Both debates will be the focus of this section.

The main rationale offered by literature behind viewing CSR as an agent for development is the inefficiencies and sometimes failures of local governments in solving social and economic problems (Burke and Logsdon, 1996). In many cases government challenges in addressing development issues encouraged societies to look at the “business sector for assistance in identifying and implementing remedies” (Burke and Logsdon, 1996, p.499). Idemudia (2008) - a prominent CSR scholar – claimed that societies shifted from the government to the business sector as a source of “social improvement and a means to promote specific items of social welfare” (Idemudia, 2008). Accordingly,

“CSR is now seen not only as a means by which business can mitigate the impact of the negative externalities that arise from its operations but also as a means to contribute to sustainable development in the South” (Idemudia, 2008, p.92).

Blowfield (2005), interestingly claimed that although CSR did not start as a contribution to development - *but more as a call for businesses to stop doing harm* - today the concept of CSR is closely linked with issues of poverty reduction and development (Blowfield, 2005). Indeed, one of the important features in the CSR-development discourse is that undoubtedly there is a paradigm shift for businesses from a *do no harm* approach, to a *do good* approach, and not only at the micro-level but also at the macro-level (Newell and Frynas, 2007).

Another justification for the role of CSR in development is that businesses are seen as having an important role in the “promotion of free markets and the incorporation of small

and medium-sized enterprises (SMEs) in global supply chains” (Prieto-Carron et al, 2006, p.980). This justification is related to the role of CSR in local economic development. Other reasons include the potential role of businesses in combating child labor, enhancing labor’s working conditions, and substantially reducing environmental threats (Prieto-Carron et al, 2006). Unlike developed countries, developing countries suffer from the presence of “few constituencies and institutions providing social goods in general” (Dobers and Halme, 2009, p.237). Accordingly, the business sector is seen as a potential agent in filling those gaps (Dobers and Halme, 2009).

As suggested by Sagebien and Whellams (2010), in their framework of CSR as Good Development, businesses are seen as having actual and real benefits to developing countries (Sagebien and Whellams, 2010). This belief comes from the fact that businesses can have a positive impact in developing countries by increasing knowledge transfer, capacity building, employment, and spill overs from foreign direct investments (Ite, 2004).

But not all scholars are so enthusiastic about the role of CSR in development. For instance, some scholars still argue the premise of whether or not CSR *should* have a role in development (Blowfield, 2005). Others who advocate for the ‘dependencia theory’ believe that companies call for a form of development that disadvantages communities in favor of industrial countries in the North (Idemudia, 2008). And others claim that it is very difficult to create a hypothesis for CSR-development because both concepts are still

subject to countless debates (Okoye, 2012). And finally, some other scholars contend that,

“when CSR is linked to development in Africa, it is often asserted that companies are performing the role of governments and this presents its own challenges. This because the question emerges of how to shape such new-found corporate role to foster development” (Okoye, 2012, p.365).

Yet, as suggested by Sagebien and Whellams (2010), one of the principles of CSR as Good Development is the active role of businesses in development without usurping the role of the local government (Sagebien and Whellams, 2010). This dispute leads me to discussing the next section on the ‘how of CSR in development’.

One of the recurrent discussions in literature is the issue of engaging in a contextualized and decentralized approach to CSR in developing countries, versus a universal, one-size-fits all approach. The belief that many scholars have is that although CSR became a global idea, this does not imply that CSR strategies and practices aimed at local development should be global as well. Societies are different, and “CSR can have different faces in different societal contexts” (Dobers and Halme, 2009, p.238). There are different perceptions amongst scholars on whether MNEs should develop a global CSR agenda for local development, or leave space for the development of a local CSR agenda for local development (Muller, 2006). The CSR agenda is usually “shaped by Northern actors, whereas there is a clear lack of participation/integration of developing country actors” (Barkemeyern, 2009, p.277). Accordingly, one of the challenges of developing a global CSR strategy is that it “may lack ownership and legitimacy at the local level” (Muller, 2006, p.189). The mainstream argument is that CSR practices in developing

countries should enjoy some flexibility in order to adapt to the local context and social fabric of a given country.

On the other hand, some other scholars claim that although local strategies are more responsive and representative of stakeholders' interests, yet they could be extremely fragmented and diversified (Muller, 2006). This leads to greater pressure on businesses as they try to manage and respond to different expectations (Muller, 2006). Another challenge in developing local CSR strategies aimed at poverty alleviation is the potential absence of governance and a strong regulatory framework in local governments (Ite, 2004). Others claim that businesses will often address some social and environmental issues, but will try to ignore important development issues (Sagebien and Whellams, 2010).

Scholars' debate on the how of CSR practice in development led to an either or scenario. Either businesses develop proactive local CSR strategies in host countries, done through stakeholder dialogue and engagement (Prieto-Carron et al, 2006). Or businesses develop global CSR strategies, done by following guidance from home countries back in the west, which would embrace global standards for social and environmental issues in host countries (Muller, 2006).

Apart from this either or approach there is the concept of collective partnership and multi-stakeholder engagement. This school of thought claims that CSR can be an efficient agent for development when all concerned stakeholders representing both North

and South, work together “to develop structure and institution that contribute to social justice, environmental protection and poverty eradication” (Dobers and Halme, 2009, p. 237). Dobers and Halme (2009), calls for the CSR debate to be,

“globalized to incorporate developing and emerging countries perspectives. This approach calls for examining which types of problems get addressed and which do not, whose interests are focused on and whose are overlooked, what works and where, what gets measured and what is the interplay between CSR and other governance mechanisms and institutions by the states and supra national bodies” (Dobers and Halme, 2009, p. 246).

A final reflection made by Idemudia (2008), is that contestants of the role of CSR in development tend to make generalizations based on a few anecdotal case studies (Idemudia, 2008). And supporters of CSR in development tend to “overstate the applicability of unique best practice” (Idemudia, 2008, p. 99). Blowfield (2007), gives an explanation to that saying,

“it is not that we do not know about CSR impact per se, rather it is that we really know very little about CSR’s consequences for the intended beneficiaries in whose name it is being conducted” (Idemudia, 2008, p.99).

In summary, a review of literature on CSR and development revealed some important concepts. Mainstream literature no longer views businesses as “the enemies, unconscious engines, or ungrateful beneficiaries of development” (Sagebien and Whellams, 2010, p.484). On the contrary, thanks to CSR, businesses now are viewed as being a potential agent for local development (Ite, 2004). Yet, literature is divided when discussing the implementation of CSR in the development context. Some claim that there is no *one size fits all* approach for CSR in development, and that global CSR strategies on development are not efficient or representative of stakeholders’ interests’ (Dobers and Halme, 2009). Others claim that local CSR strategies are more efficient and responsive to stakeholders’

interests’, yet local governments in developing countries face many challenges to enable CSR to be efficiently implemented as a development tool (Muller, 2006). This issue leads us to the next section which discusses the role of government in CSR practice.

3.2. The Role of Government in CSR Practice

Literature on the role of government in CSR practice predominantly emerged from public administration and public policy scholars. Where many of these scholars believe in the development of a ‘new role’ for governments (Lepoutre, 2007). This ‘new role’ was introduced thanks to the concept of New Governance, which sees governments,

“engaged in a horizontal inter-organizational network of societal actors, where public policy is both formed and executed by the interacting and voluntary efforts from a multitude of stakeholders, rather than the product of a hierarchical command-and-control mode of public administration” (Lepoutre, 2007, p.391).

This ‘expanded’ role of governments has been encouraged by the UN Global Compact and the European Commission, specifically in the area of CSR (Albareda et al, 2008). Where both institutions recognize that the “role of public administration and public policy initiatives were key in encouraging a greater sense of CSR” (Albareda et al, 2008, p.348). And that “CSR public policies must use soft forms of government intervention to shape the voluntary behavior of companies” (Albareda et al, 2008, p.349).

Yet the issue of government involvement in CSR appears as a paradox in light of the general understanding and belief that on the one hand, CSR is a voluntary practice (Okoye, 2012). And on the other hand, government is an important stakeholder, but “mostly in the negative sense of representing an outside threat of regulation” (Vallentin

and Murillo, 2012, p.827). Despite this paradox, in recent years, literature became rich with discussions around the role of government in CSR, “reflecting broader governance trends that embrace ‘soft law,’ quasi-voluntary standards, and other novel incentives to move companies toward and beyond minimum regulatory goals” (Ho, 2013, p.375). In light of this new, challenging, different, and interesting aspect of CSR, this section will present the main ideas and debates around the role of government in CSR practice. Predominantly focusing on whether governments should or should not be involved in CSR, and in case they should be involved, how can governments do that.

Proponents of governments’ role in CSR give several justifications for a more active role of governments in CSR practice. Some scholars believe that governments should be a strong regulator of CSR. The rationale for that is that in an increasingly globalized world, MNEs have become a dominant force in economic development, and “are often perceived as being more powerful than certain states” (Thirarungrueang, 2013, p.173). With MNEs becoming increasingly powerful, those who call for safeguarding the interests of the society call also for “mechanisms to control the potential abuse of this power” (Thirarungrueang, 2013, p.173). Therefore, there have been several attempts to enact regulations on CSR to make sure that MNEs operate according to society’s expectations (Thirarungrueang, 2013).

Others claim that governments should participate in the CSR discourse because “the respective business efforts can help to meet policy objectives on a voluntary basis” (Steurer, 2010, p.50). These policies range from sustainable development and

environmental protection, to human development and development assistance (Steurer, 2010).

Another school of thought views government's role in CSR not as a regulator but as an "enabling and empowering facilitator" of CSR (Vallentin and Murillo, 2012, p.825). These scholars believe that there are many factors motivating government's active role in CSR, beyond regulations (Ho, 2013). These motives include, attracting new investments, enhancing businesses' competitiveness, addressing critical social and environmental issues through public-private partnerships, and integrating local and global markets (Ho, 2013). Also, as mentioned in the previous section, covering the role of CSR in development, some governments

"support CSR in an effort to minimize the negative externalities of corporate activity, create a level playing field for business, bolster the legitimacy of law and state policy, and fill governance gaps created by the state's own institutional weakness" (Ho, 2013, p. 386).

Governments will aim at achieving these goals not by imposing regulations on businesses, but by promoting 'effective' voluntary CSR practices (Ho, 2013). An example is that CSR lately turned into a tool for PR and marketing, where companies portray themselves as committed to CSR only to improve their image (Thirarungrueang, 2013). A potential role for the government here would be to promote responsible advertising.

Also, advocates for CSR in development suggest that governments should play a proactive role in creating a "better fit between CSR agendas and the actual development needs" (Barkemeyern, 2009, p.273). This argument suggests a shared responsibility

between businesses, the state, and civil society in trying to solve significant societal and economic problems. Local governments for example might indicate the development priorities in a given country, and encourage businesses to join hands and help existing government efforts in tackling developmental problems (Barkemeyern, 2009). Scholars claim that a “laissez-faire approach is unlikely to produce meaningful contributions towards a more sustainable and inclusive development in the south” (Barkemeyern, 2009, p.286). And that the greatest contribution CSR can make in development is reinforcing existing government led efforts in development and pro-poor initiatives (Newell and Frynas, 2007).

On the other hand, scholars disagreeing with the role of government in CSR claim that CSR should be a completely voluntary practice. The rationale for that is that laws do not “effectively influence corporate attitudes towards socially responsible behavior” (Thirarungrueang, 2013, p. 175). And regulations on CSR practice will end up with cosmetic changes, and not reflect genuine changes or genuine concerns towards CSR stakeholders (Thirarungrueang, 2013). Many of these scholars view government intervention in the traditional way of being “associated with undue and potentially harmful interference, imposing additional costs” (Vallentin and Murillo, 2012, p.826).

Beside the debate on whether or not governments should be involved in CSR, what do scholars say about the suggested mechanisms for governments’ intervention in CSR? Some scholars believe that CSR regulations are more convenient than ‘hard-law’ regulations (Steurer, 2010). These scholars believe that, “compared to hard-law

regulations, the soft-law character of CSR and CSR policies implies comparatively low political costs in terms of resistance by special interest groups” (Steurer, 2010, p. 50).

Beside regulations, the United Nations, together with the World Bank presented four main roles for governments’ role in CSR, these are “mandating, facilitating, partnering, and endorsing CSR” (Ho, 2013, p.386). Governments will endorse CSR by raising awareness, through “information dissemination, training, and educational programs” (Ho, 2013, p.386). By facilitating CSR, governments will set standards, provide “voluntary guideline and certification systems, auditing, and monitoring, and establishing financial and reputational incentives for firms (Ho, 2013, p.386). Through partnering governments will seek the active collaboration with businesses on certain projects or areas (Ho, 2013). And through mandating CSR, governments will enact laws and regulations on businesses (Ho, 2013). These include setting standards for companies’ code of conduct, and compulsory sustainability reporting (Ho, 2013).

Scholars such as Streurer (2010) introduced other potential mechanisms for government regulation of CSR practice. These include, facilitating socially responsible investments, leading by example, and improving disclosure and transparency (Steurer, 2010). Streurer (2010) offers an example for “the best known legal initiative on disclosure and transparency in Europe...the French New Economic Regulations” (Steurer, 2010, p.62). This law requires French companies listed in the French stock exchange to publish social and environmental information in companies’ annual reports, or to publish CSR reports (Steurer, 2010). According to Streurer (2009) this law,

“typically illustrates the soft law character of CSR policies because it does not specify the extent or quality of the information to be published, and neither enforcement mechanisms nor sanctions for non-compliance are foreseen” (Steurer, 2010, p.62).

In light of the discussion over different potential mechanisms for governments’ role in CSR, a concluding idea is that of implementing a mixed approach. This idea calls for “a combination of mandatory and voluntary mechanisms, which will provide the best possible solution for promoting socially responsible behavior by corporations” (Thirarungrueang, 2013, p.177).

In summary, a review of literature on the role of government in CSR practice showed that being such a dynamic and evolving concept, CSR has been lately embraced by public administration and public policy scholars. These scholars discuss whether or not governments should have a role in CSR, and what that role should be. There is no right formula for governments’ intervention and role in CSR. Yet, most of the discussions seem to be an either or scenario, either CSR should be left as a voluntary practice with businesses enjoying self-regulation. Or governments should impose some regulations, or soft laws that would secure stakeholder interests’ and make the best out of CSR.

CHAPTER FOUR

4. Methodology

This chapter presents the methodology applied in this research study. The chapter will start with the research design, followed by sample selection and ending with limitations to the study.

4.1. Research Design

This research aims to be an explanatory study rather than a solely descriptive study. An explanatory study is “concerned with making complicated things understandable...it aims to find the reasons for things, showing why and how they are what they are” (Punch, 2006, p. 34). A good explanatory study is also based on a thorough description of the facts and available information (Punch, 2006). Furthermore, the study will use grounded theory methods to develop an understanding of the current practice of CSR in Egypt. Therefore, this study will be more of an unfolding study rather than a pre-structured study.

For this research I conducted a qualitative study using semi-structured in-depth interviews with a sample of thirteen participants from different organizations in Egypt. I decided to interview key stakeholders involved in CSR practice in Egypt to achieve data validity.

The qualitative methodology is considered appropriate for this study, as the nature of the data and information required a qualitative study, versus a quantitative one. Also, the

sample selection is satisfactory for the purpose of this study, because rich data can emerge from organizations actively engaged in CSR practice

The in-depth interview process was based on open questions that facilitated discussions and encouraged interviewees to express their opinion and share their experience on CSR.

The semi-structured interviews and the data gathering process was guided by a set of questions, yet each interview had a different set of probing questions that emerged during the interview process. Respondents were asked about how they defined CSR, aiming to understand whether there are any gaps between local understanding and international definitions for CSR. I also asked about the history of CSR in Egypt to better understand the rise of this concept, and the rationale behind the emergence of CSR. One of the crucial questions during the interview process was asking respondents to describe the current CSR practice in Egypt. This question revealed insightful data, discussed in more details in the next chapter. Respondents were also asked to identify the main challenges faced while implementing CSR, the role of different stakeholder in CSR practice, and the partnership dynamics between these stakeholders. The last set of questions revolved around the potential of CSR as a tool for national development in Egypt, and the role of government in CSR. Finally, respondents were asked to suggest some recommendations for improving CSR practice in Egypt.

All respondents were thoroughly briefed on the purpose of the interview, and an informed consent form for voluntary participation was signed. All interviews were recorded with the consent of the participants, and later transcribed in English. Questions were asked in

English language, and in case respondents replied in Arabic I deliberately took the initiative to translate data into English. For the purpose of the data some quotes were transcribed in Franco- Arab, although not widely known except in the Egyptian context, I decided to keep the Franco – Arab version to keep the authenticity of the quotes.

4.2. Sample Selection

The sample consists of thirteen participants from quite a representative population. All respondents are key players in CSR practice in Egypt. The sample is divided as follows:

- Five NGOs, of which one is an International NGO operating in Egypt, the rest are local NGOs founded in Egypt. All interviewed NGOs are registered in the Egyptian Ministry of Social Solidarity – now Ministry of Social Affairs.
- Five MNEs, representing five different industries. All selected MNEs for this study have been successfully operating in Egypt for decades, and are commonly perceived by practitioners as actively engaging in CSR activities in Egypt.
- Two Media/PR agencies, both are large International organizations operating in Egypt. Media and PR agencies have been added to the sample as they usually cooperate with MNEs in launching CSR media campaigns. Their input in this study was very important in understanding the media perspective on CSR.
- One CSR consultant, this person has a plethora of knowledge and experience in CSR practice in Egypt.

The sample representing MNEs are all CSR managers in their respective organizations. Also representatives working at the Media/PR agency are senior professionals. Representatives from the NGO sample are predominantly the founders of the organization, except for two interviewees who are not the founders but still hold senior positions in the organization.

To honor confidentiality, I kept both names of interviewees and the organizations they work for anonymous. Pseudo names were given to each interviewee and organization. Interviewees were quoted in the study as follows (Title in the Organization, Organization Number x), for example (CSR Manager, MNE 1).

4.3. Limitations to the Study

I am a CSR practitioner in Egypt, with professional working experience with most of the NGOs and MNEs being interviewed. I am currently a CSR personnel at an oil and gas MNE operating in Egypt, and most of the organizations interviewed are aware of that. Hence, a potential limiting factor in the data collection process might be power issues while collecting data from NGOs. Also, I might be perceived by NGOs as a potential donor for them, and not as an objective researcher. However, to mitigate this potential power issue, I have informed all participants that the interview is for academic purposes only, and that participation is voluntary. Highlighting the fact that interviews will be conducted in my capacity as a student and researcher on CSR, and not as a potential donor.

Another limiting factor to the study is not including representatives from the Egyptian government and Small Medium Enterprises (SMEs) in the sample. Also, the lack of literature on CSR practice in Egypt is an overarching limitation to the entire research. Yet, it was one of the main motives for embarking in this research.

Finally, although I am a CSR practitioner in Egypt for the past seven years, yet I objectively engaged in this research with no value judgments, or preconceived ideas.

CHAPTER FIVE

5. Data Analysis and Research Findings

In this chapter I present, discuss and analyze data collected from the semi-structured in-depth interviews conducted with members of the CSR community interviewed as part of this study. The interviews rendered rich data which are linked and triangulated to existing literature and previous research. The findings below reflect recurrent data, concepts and patterns from all participants.

As a result of the rich data collected from interviews, the findings presented in this chapter successfully address the four research questions set for this study, as well as provide additional insights related to CSR in Egypt. This research piece will be a significant contribution to existing literature, as well as stimulate further research in the topic.

5.1 The Rationale Behind CSR Practice in Egypt

*“As a predominantly Muslim society, people like doing charity work, so it started out of a religious obligation before the emergence of CSR”
(Development Manager, Local NGO1).*

Members of the CSR community in Egypt were asked about the objectives of practicing CSR in Egypt. Surprisingly there was no discussion of corporate governance, sustainability, strategic CSR, and all these modern concepts found in literature about the business case or the rationale behind CSR practice. Respondents offered a totally different rationale for CSR practice than the one offered by literature. Indeed, most of the respondents posed a couple of seconds before sharing a generally unanimous answer,

which mainly consisted of two justifications. First, the philanthropic and charitable side of CSR was being practiced in Egypt for a long time, out of religious beliefs. Second, the concept of CSR, as we know it today, emerged in Egypt around the early 2000, thanks to MNEs who introduced the concept in Egypt.

The first justification offered by respondents show that Egypt, having a robust religious fabric at its core, has always been engaged in some kind of social responsibility mainly towards the less advantaged in the society. Even literature acknowledges the “implicit generosity that exists in the Egyptian culture” (CDS 2006, p.19). Most of the respondents agreed that social responsibility was practiced in Egypt long time ago, by individuals as well as private businesses. And that the main drive behind being socially responsible was a religious purpose. Where individuals and business owners where involved in charity and philanthropy work mainly “so that God would bless their earnings,” – (*3ashan Rabena yebareklu fe felousu*) - (Founder, Local NGO 2). Most of the respondents agreed that at the time CSR was branded differently instead of CSR it was called “zakat” for Muslims. As clearly described by the founder of local NGO 2,

“I think SMEs are more devoted to the CSR concept more than Multinationals, because they are doing it from a zakat point of view, and from a sadaqa point of view, and for (*baraket shoglohom*), so God would bless their work” (Founder, Local NGO 2).

The same NGO added,

“Maybe the term CSR is new, but I believe people tend to do this from a religious and dogma perspective from the past. People might pay Zakat of the company, but they do not call it CSR, they call it Zakat” (Founder, Local NGO 2).

One of the Media and PR agencies stated that, “even if its not corporate, but if you look at El Zakat, people give out Zakat money, which is a form of social responsibility”

(Head, PR/Media agency 2). Even the CSR consultant shared a similar belief,

“I think that because of the culture, corporate philanthropy has always been there in an informal indirect manner, especially with small and medium local enterprises, the founders always do their giving” (CSR Consultant 1).

Hence, interviews and discussions with informants of this study revealed that the philanthropic and charitable side of CSR was practiced in Egypt centuries ago by both individuals and businessmen mainly for religious purposes. This implies that Carroll’s (1991) philanthropic responsibility, which is the last stage or layer in the CSR Pyramid has been always practiced by the Egyptian society. Yet, other aspects of CSR like legal responsibilities, economic responsibilities, and ethical responsibilities were not mentioned by the interviewees. It seems that CSR in Egypt is perceived differently, and apparently there is an Egyptian definition of CSR. CSR in Egypt is perceived as a long-standing charitable, informal, paternalistic, voluntary practice, associated with religious beliefs, and implemented by both individuals and businesses.

In addition to that, respondents make a distinction between the above mentioned Egyptian definition for CSR, and CSR as the new, secular concept introduced by MNEs.

“CSR as a practice, as a way of governing a company, as a consort of stakeholder interests, as a consort for the company’s sustainability, I believe this debate started in Egypt around 2004 or 2005” (CSR Manager, MNE 5).

This implies that CSR as the new, secular, and corporate concept emerged in Egypt in the early 2000. Most of the people interviewed agree that the term CSR was introduced in

Egypt thanks to MNEs' operating in Egypt; whose mother companies – based abroad – mandated that their local offices around the globe engage in CSR activities. Most of the respondents agree that the secular concept of CSR was imposed to MNEs operating in Egypt.

“Now CSR is being practiced because their head office is imposing this to them, because the laws of operations at the Mother country imposes them that they need to have some kind of responsibility towards the areas they operate” (Corporate & External Affairs Manager, International NGO 1).

Also, as one of the Media/PR agencies claimed,

“CSR first took a foothold in Egypt right around the time when we started having a lot of Multinationals becoming really active in Egypt, because CSR is inherent to their corporate culture, and so this is included with the multinational package” (Deputy Managing Director, Media/PR agency 1).

Some literature on this issue agrees that MNEs are the “prime movers behind CSR phenomenon, thus giving CSR a distinctly transnational global dynamic” (Gjolberg, 2009, p.10). But as previously discussed, CSR emerged in the West as a response to local pressures from different stakeholders (Frederick, 2006). Local communities demanded that corporates act more responsibly towards the community, the environment, their stakeholders, and that they operate responsibly in their day to day operations (Frederick, 2006). This specific aspect, regarding the grass root plea for businesses to act responsibly is lacking in Egypt. Empirical data show that CSR in Egypt is not practiced as a response to popular pressures for businesses to act responsibly, but simply because MNEs imported this concept from the West. One of the CSR Managers interviewed believes that this lack of pressure from the community is a problem:

“I believe that internationally CSR started as a reaction to pressures over private sector companies to be more environmentally friendly, to integrate stakeholder interests into their strategies for doing business. I believe that

this pressure is lacking in Egypt. I believe that consumer's interest in CSR is minimal in Egypt, consumers who have environmental awareness or interest in subjects like the environment or governance or the company, or such elements of the CSR agenda are a very small niche of consumers" (CSR Manager, MNE 5).

In summary, when trying to understand the rationale behind CSR practice in Egypt, data revealed that the Egyptian context offers a totally different rationale for CSR practice than the one offered by Western literature. In the West, CSR emerged thanks to grass-root pressure from stakeholders for businesses to act responsibly (Frederick, 2006). While in Egypt, the philanthropic and charitable side of CSR has always existed thanks to Egypt's pious society, one that has always cared for the disadvantaged. Indeed, data collected from members of the CSR community claim that Egypt's religious fabric has always encouraged and promoted some sort of social responsibility, especially towards the underserved people in the community. And this religious fabric encouraged the philanthropic side of CSR practice, making it a voluntary and informal practice by both individuals and businesses. Hence, the Egyptian definition of CSR practice implies that it is a charitable, religious, and paternalistic practice that dates back for centuries. Also, members of the CSR community make a distinction between the Egyptian version of CSR, and the modern, secular, corporate, and Western version of CSR. The latter described as being either imposed, or introduced by MNEs operating in Egypt starting early 2000.

Being perceived as predominantly an external concept imposed or introduced to Egypt through MNEs, respondents feel that CSR practice suffer from several problems. The coming section will cover the flaws of CSR practice in Egypt.

5.2 The Flaws of CSR Practice in Egypt

“CSR practice is present, but not in the way we aspire to, or would like to see, it is not happening properly- (heya mehtaga tebda2 begad) –it still needs to start” (Corporate and External Affairs Manager, International NGO 1).

CSR stakeholders interviewed as part of this study were asked to describe the current CSR practice as well as identify the main challenges faced during CSR practice. All respondents shared a similar sense of frustration and dissatisfaction while describing the current CSR practice, which apparently has many flaws. Also most of them shared similar dynamics of the practice, and were particularly dissatisfied with the way MNEs practice CSR in Egypt, i.e. the Western, secular, corporate, and modern concept of CSR.

Rich data collected from members of the CSR community indicate that there are many aspects of the current CSR practice which can also be considered as weaknesses faced while engaging in CSR. I grouped the main aspects and weaknesses of the current CSR practice under three main themes. These are, CSR as a PR and marketing tool, lack of a CSR partnership model, and lack of a CSR vision. Each issue will be discussed separately.

5.2.1. CSR as a PR and Marketing Tool

One of the aspects of the current CSR practice that bothered respondents the most is the fact that in Egypt CSR is being used primarily as a PR and marketing tool. As expressed by one of the NGOs,

“it is purely marketing, it is purely marketing, I can repeat this forever, purely marketing. 90% of the companies I worked with, even more, they do it for marketing. And they even spend on marketing on the CSR

projects more than what they spend for the CSR project itself” (Founder, Local NGO 4).

All NGOs interviewed seemed to be very frustrated with the fact that MNEs not only engage in CSR for marketing purposes, but also many of them tend to spend additional amounts of money on marketing campaigns, marketing for the CSR project. Literature acknowledges the fact that CSR can help in enhancing brand image, “the morally conscious and informed societal minority seeks out labels that bear names associated with healthy and environmentally friendly production value” (CDS, 2006, p.20). However, respondents of this study argued that the marketing and PR campaign is *the* main motive behind investing in CSR initiatives at the first place.

Another NGO claimed,

“We are in a level of just simply PR campaigns with no obligations or real responsibilities...the first thing you do is you go talk about the project in media channels. Even us as NGO the projects which receive greatest funds are projects linked to T.V. advertisements, especially if the company is an FMCG and has a wide customer base” (Development Manager, Local NGO 1).

A reflection here is that some private sector companies might be abusing the fact that the Egyptian society is so responsive towards the less privileged thanks to its pious core, and thus use CSR as a marketing or PR tool to gain stakeholders approval, respect, sympathy, and endorsement. “Spending on community issues more than any other aspect, because they know that this is what they can sell in Egypt” (Founder, Local NGO 4).

A different NGO gave an example of how some companies practice CSR, saying that if a company pays EGP 100,000 in some sort of educational project, this same company will

pay EGP 2 million in “an advertising campaign, saying that they paid 100,000 Egyptian pounds!” (Founder, Local NGO 2). This feature of CSR practice was also portrayed by a Media/PR agency who claimed that, “from the companies I came across they are definitely doing it more for the image and the PR” (Head, Media/PR agency 2). Also, a CSR Manager at an MNE discontentedly claimed,

“some companies for instance want to invest in the perfect village, they invest initially in the village, and then do a press conference, but there is no maintenance whatsoever. Once the Minister launched the project, and people go home from the press conference, this village drowns again in its sewage, as many companies invest in projects just for the press conference, they just do it for the propaganda, as soon as the press conference is launched they don’t care anymore” (CSR Manager, MNE 2).

This insightful data revealed a general dissatisfaction among members of the CSR community, with the fact that CSR in Egypt is being implemented primarily as a marketing and PR tool. Although literature on the business case of CSR acknowledges the fact that CSR helps in improving a company’s brand and overall reputation. Yet it seems that many companies here in Egypt tend to invest more in the communications part of the CSR project, than on the CSR project itself. As mentioned earlier a potential justification for such a practice is that companies are aware of Egypt’s overall generous and pious social fabric, and are appealing to that sense of goodness rooted in Egyptians through advertisements that reveal the company as generous and caring towards its society. As mentioned by one of the Media/PR agencies interviewed, companies are so keen to appeal to people’s hearts that half the messages in the advertising campaigns are simply made up, especially during the Month of Ramadan. As stated by the Head of this Media/PR agency, “we used to come before Ramadan in a rush - (*konna benygy 2abl Ramadan 2elha2 2elha2*) - what are we going to advertise about, before doing anything,

and half the messages were made up” (Head, Media/PR agency 2). This is an important finding with serious implications, as there might be a potential threat here where the general community might be badly informed and sometimes deceived from CSR campaigns.

5.2.2. Lack of a CSR Partnership Model

The second most cited feature of the current CSR practice is the absence of a specific partnership model between different CSR stakeholders in Egypt. According to the CSR stakeholders interviewed for this study, a lack of proper CSR partnership model leaves CSR practice to personal connections and professional networks. As mentioned by one of the NGOs interviewed, “going to the private sector needs very good connections, extreme good connections, personal connections” (Founder, Local NGO 2).

Unfortunately, many NGOs in Egypt lack the proper resources to reach out to the private sector. According to one NGO, “I do not think the current available NGOs can penetrate the private sector easily, because they do not have the means, the connections, and a proper plan” (Founder, Local NGO 2). Also, one MNE acknowledged that,

“only the big tycoons of NGOs are the one working, we are completely overlooking the small NGOs that really do the work, so all the funding goes to the tycoons. But at the end of the day why do you go to a big NGO? Because at least you are sure that the program will happen, but you are not sure of its success, that’s the only thing” (CSR Manager, MNE 3).

Consequently, in the absence of a formal partnership model for NGOs or the private sector to properly reach out to each other, the result is a ‘survival of the fittest’ scenario,

where only the resourceful and big NGOs are able to reach out to the private sector, and benefit from the CSR partnership.

Another NGO summarized the current CSR practice as follows,

“there is no call for applications, or proposals, its all about reputation, contacts, and networks, the company contacts a certain NGO and so on, and there is no system even for continuing the project or continuing the partnership...You never know what is going to happen” (Founder, Local NGO 4).

One of the NGOs straightforwardly claimed “real partnership does not exist” (Founder, Local NGO 3). This NGO claimed that they had few ‘real partnerships’ with the private sector. Real partnerships were described as having “complete transparency, mutual respect of each other’s role, and no superiority” (Founder, Local NGO 3). This NGO claimed also that some NGOs face power issues when dealing with the private sector, “in the relationship they feel they are superior...we are the one who gracefully provide you with the money - (*ehna ben men 3aleku bel feous*)” (Founder, Local NGO 3).

Several participants of this study mentioned lack of trust as one of the main reasons behind this weak partnership.

“How come you do business with someone where you do not trust this person? We haven’t been trusting each other for years. What we are doing is that we are not trusting each other, and this is the problem that dragged us into this situation, and the haphazard situation that we are currently in, once trust is there, things will improve a lot” (Corporate and External Affairs Manager, International NGO 1).

This major flaw in CSR partnership has been discussed in literature too. One local research conducted in Egypt acknowledged the fact that key stakeholders in CSR practice

including the government, civil society, and the private sector, “lack trust and credibility, which are the vital components of partnership” (CDS, 2006, p.37). The consequences of this mutual lack of trust are detrimental to the CSR partnership as it “hinders the exchange of information, knowledge, and experience between them, thus negatively affecting the successful adoption of the CSR concept” (CDS, 2006, p.37). Apparently lack of trust between NGOs and the private sector is also common in the West, where “traditionally, the relationship between businesses and NGOs has been characterized by mistrust and conflict” (Rahbek et al, 2013, p.7).

It seems that CSR partnerships between MNEs and NGOs are often based on mutual convenience rather than trust. On the one hand, several NGOs view MNEs as “cash cows” (CSR Consultant). And on the other hand, several MNEs view NGOs as a tool for accessing communities (CDS, 2006). Although MNEs pursue NGOs “to help carry out projects, the fear of dependability and transparency makes partnership difficult” (CDS, 2006, p.18). This view is also presented by some Western literature that claims, “NGOs still see partnerships mainly as a means to get access to partner resources...whereas companies mainly engage in partnerships in order to raise awareness of a societal problem and improve reputation” (Rahbek et al, 2013, p. 8).

An additional reflection linked to the trust issue, is that I sensed from the interviews and discussions with informants of this study a general culture of blame between different CSR practitioners. NGOs blame the private sector for not being genuine, the private

sector blames NGOs for not being professional, and sometimes both players blame the other for the lack of proper partnership and cooperation.

In summary, this section discussed the second major feature and weakness of CSR practice in Egypt. According to members of the CSR community, Egypt lacks a CSR partnership model. This led to many other problems including partnerships being primarily based on personal connections and professional networks, only a small niche of NGOs benefiting from the CSR partnerships, those who are resourceful enough and connected enough to reach out to the private sector. Another interesting finding is that throughout the CSR partnership, both MNEs and NGOs do not trust each other. Finally, several respondents portrayed the current CSR partnership as not being genuine because it is mainly based on mutual benefits.

5.2.3. Lack of a CSR Vision

The third and final feature of the current CSR practice in Egypt is the lack of a CSR vision. As stated by one of the MNEs,

“the status is sporadic, there is no plan, there is no vision, there is always a hidden agenda, there is always the credit, and as long as we think of CSR like this, it will always remain as is, something charity, something that looks good on a PR level” (CSR Manager, MNE 3).

Many respondents to this study believe that CSR practice is sporadic and unorganized. As pointed out by one of the CSR Managers,

“we work sporadic, we work in different areas, we work on very small scale so the impact is not building up, sometimes we work overlapping, I can work in the same project like another company, so the beneficiary takes money from two sides” (CSR Manager, MNE 3).

The problem with this sporadic practice is that no one knows who is doing what, so there can be an overlap in the CSR efforts, or some areas might not receive enough attention at all. “You never start from where it ended, you will usually find after two years that another company is undergoing the same project, starting from scratch too” (CSR Manager, MNE 3).

A possible justification for this sporadic practice was given by a Media/PR agency, that said,

“I think the biggest issue, is that for so many companies they just don’t have a clear idea about what exactly it is that they want to do with CSR, and how to do it, so they really need some guidance on that front” (Deputy Managing Director, Media/PR agency 1).

I believe this justification is plausible, given that CSR is such a recent phenomenon in Egypt, MNEs might be still struggling in their CSR practice. Yet, even if at some point MNEs know what they want to do, without trust and good cooperation with other key stakeholders, CSR will continue to be a sporadic and unorganized practice.

An additional symptom to the lack of CSR vision is the lack of proper impact assessment and monitoring of CSR practice. Again both MNEs and NGOs complain that there is no proper impact assessment, monitoring, and auditing of CSR projects including financial spending. And again, both parties blame the other for not caring for an impact assessment.

“My role as a corporation is that I choose the NGO with the right credibility and good reputation, and I know that it will take the money and implement the project, and not take the money and put it in its pockets, also without me running after them to make sure the project is being

implemented or asking them what are you doing” (CSR Manager, MNE 3).

This MNE believes that it is not its responsibility to ‘chase’ NGOs for proper impact assessment. And that as long as the MNE selected a ‘reputable’ NGO then that’s a good guarantee that the money will be spent for the planned CSR project, and that it is the responsibility of the NGO to make sure the project is being implemented.

On the other hand, one of the NGOs stated,

“when companies do not care about impact they push NGOs just to do very shallow activities without measuring impact, just to spend the funds and that’s it” (Founder, Local NGO 4).

This NGO offers a totally different perspective than the one previously mentioned by MNE 3. This NGO claims that it is the responsibility of MNEs to care about the project and its overall impact.

Another local NGO was frustrated with MNEs, saying that MNEs differ in their CSR practice, some of them care about the CSR projects and the beneficiaries while others don’t,

“they don’t care, they don’t care, they don’t give a damn about what happens to people, they want to please their stakeholder, and are very focused with their stakeholders, which in most cases is the government, and the local governorate, they don’t care about people needs” (Development Manager, Local NGO 1).

A final remarkable aspect for this lack of vision is that both NGOs and MNEs complain about the fact that the majority of the CSR projects implemented are philanthropic and not aiming for sustainability or human development.

“Companies tell the community we gave you school bags, and the community replies we do not want school bags, we want to work in your company, we want you to do this and that” (Corporate and External Affairs Manager, International NGO 1).

Several members of the CSR community agree that CSR practice in Egypt should embrace a wider definition of the term. One of the CSR Managers claimed that, CSR in Egypt does not explore issues such as,

“environmental sustainability, ethical marketing, responsible marketing, diversity and inclusion issues...CSR being a much more wider reflection of how the company is practicing its own business” (CSR Manager, MNE 1).

According to data collected, the majority of MNEs in Egypt are not embracing a holistic approach to CSR practice, and seem to be content with the short term, philanthropic side of CSR, and not the base of Carroll’s (1991) CSR pyramid. According to respondents, the potential threat for such a narrow practice of CSR is that,

“international companies do CSR but then they hire people that are below working age...it is not just about doing one bit of it, you could be helping in education, but you could be destroying the environment in a different way” (Head PR/Media agency 2).

Apparently there is a mismatch or a fallen expectation between the kind of CSR projects delivered by MNEs, and what is expected from NGOs and the community. It seems also that several MNEs are not aware of what is expected from them in terms of their social responsibility towards the community. On top of that, although members of the CSR community see the philanthropic side of CSR as a longstanding, social practice rooted in Egypt’s social fabric. Yet MNEs are expected to go beyond philanthropy and do more in terms of the other aspects of CSR, including environmental protection, sustainability, and responsible business practice.

In summary, key stakeholders interviewed as part of this study were very dissatisfied with the current CSR practice in Egypt. Several respondents mentioned several things, I grouped the three main recurrent features and weaknesses of CSR practice in Egypt into three main themes. These are, CSR as a PR and marketing tool, lack of a CSR partnership model, and lack of a CSR vision. CSR in Egypt is not portrayed as a genuine practice but primarily as a PR and marketing tool used by MNEs to create some media and PR attention around how responsible and good the company is towards the community. CSR is also portrayed as lacking a partnership model, consequently CSR partnerships are based on personal and professional connections, and most of the time CSR partnerships happen to those lucky and resourceful enough to reach out to the private sector. The third and final feature is related to a lack of CSR vision, which leads to several problems including, a sporadic and unorganized CSR practice. No efforts towards monitoring and evaluating CSR projects. And a narrow understanding of CSR practice, one that is stuck in charity, philanthropy, and short-term social initiatives versus responsible business practice, development efforts, and environmental sustainability.

5.3. Reforms Suggested by CSR Stakeholders

In light of the previous discussion I have asked members of the CSR community participating in this study to suggest some reforms to improve the current CSR practice. Respondents suggested a series of recommendations, including: greater cooperation in CSR practice, more research, and engaging less in charity work and investing more in development and sustainability.

The most common recommendation was for CSR practice to be implemented with greater cooperation between all stakeholders. These stakeholders include MNEs practicing CSR, civil society, and the community. “I think that we as corporates have a role, that all of us unite” (CSR Manager, MNE 3). Some also recommended that businesses from similar industries come together and implement major CSR programs.

“We need more of that, sectors coming together, like the automobile sector coming together to fix the roads, sectors should come together to make a difference” (Head Media/PR Agency 2).

Although participants’ recommendation of having greater cooperation between different stakeholders is an effective solution to improve CSR practice, yet the actual method or process for implementing this reform is vague. Unfortunately, without a clear understanding of how proper cooperation and real partnership can be achieved, this recommendation appears to be more of wishful thinking than a recommendation. Also, an interesting observation here is that none of the participants mentioned the government as one of the CSR stakeholders.

Moving now to the second most cited recommendation, several participants mentioned the need for more research on CSR. “Research, I hope we all stop with assumptions and do more research” (Development Manager, Local NGO 1). Participants want to see more research done on several different aspects of CSR. Some mentioned the need for research on the correlation between a company’s brand enhancement and CSR practice. Others mentioned the necessity to better understand the needs of the community. As mentioned by one of the MNEs,

“I believe there should be a pool of studies done with the real needs of the society... *(mish 2al3ab fe sawabe3 reglaya 2a2ool 2aaah ana 3ayza*

2a3mel project beta3 makenet ice cream fe kol madrasa!) - I am not going to play with my toes and say yes I want to make a project of ice cream machines in every school!) (CSR Manager, MNE 2).

Despite the sarcastic metaphor, yet this MNE was keen on reflecting the lack of available information and research, which might result in implementing unnecessary CSR projects that the community really does not need.

The third recommendation is for MNEs to engage less in charity work and invest more in development and sustainability. “One thing I would like to see more, is that we distant ourselves from the charity driven mindset, and have a developmental mindset” (Founder, Local NGO 3). One NGO explained the flaws of focusing on charity instead of development as causing too much dependency between beneficiaries and NGOs.

“Once you give somebody food, and you continue on giving him food, you will keep on giving him food for the rest of his life and your life, its an endless thing, he will be like this forever, and he will be fed forever, and as an NGO you will always try to collect money to feed this person, the concept itself in my opinion is wrong” (Founder, Local NGO 2).

Also, one of the MNEs claimed, “the private sector has the capability to become one of the biggest drivers of social development in Egypt” (CSR Manager, MNE 5).

A surprising thing in the data collected, especially in the recommendations suggested by CSR stakeholders, is the total absence of any reference made to the Egyptian government. It seems that the government has almost nothing to do with CSR practice in Egypt. Therefore, to better understand the rationale behind that, I decided to ask some probing questions. I have asked respondents about their opinion on the potential role of government in CSR practice. And on their thoughts about the role of government as a

regulator of CSR practice. Respondents' feedback was a sharp no, and some of the reactions include,

“No, no, not at all, I totally, totally, totally, bold and underline disagree, you want the government to get involved with Multinational companies! Multinational companies cannot have government involved in something like this” (Founder, Local NGO 2).

“This is a very, very, sensitive topic, look, my initial reaction would be that there is a voluntary aspect to Corporate Social Responsibility that I believe is important to keep as such, however there are some interference from the government in the mandatory side of CSR. I expect the government to do its job in terms of monitoring corporate performance” (CSR Manager, MNE 5).

All respondents were very hostile towards the idea of government regulation of CSR practice and many of them believe that regulation is just another word for compulsion, and bureaucracy. Many also believe in the voluntary aspect of CSR, which should be kept as such.

In summary, my reflection is that the recommendations presented by the members of the CSR community interviewed for this study show a genuine concern for improving the status quo of CSR practice. Yet the suggested recommendations, whether fostering greater cooperation, engaging in less charity work, and more development, or investing in more research, all sound more like wishful thinking than real reforms. It is good that MNEs and NGOs are aware of the desired best outcome, yet they did not identify how these reforms can be implemented, and whether they have the means and the necessary resources to implement these reforms.

Therefore, I decided to present a series of contextualized and tailor made reforms for improving CSR practice in general, and for using CSR as an agent of good development in Egypt. These reforms will be discussed in the next chapter.

CHAPTER SIX

6. Conclusion

This final chapter presents the recommendations developed for improving CSR practice in general, and for using CSR as an agent of good development in Egypt. The chapter then ends with the conclusion.

6.1. Recommendations

In light of the holistic CSR definition and framework developed for this study- The Holistic Approach to CSR Practice- and the distinctive findings emerged from this empirical research. The researcher suggests a series of contextualized and tailor made reforms that would improve CSR practice, yet fit the Egyptian context. These reforms will also address the recommendations and concerns raised by the participants of this research study.

The first recommendation would be to apply the Holistic Approach to CSR Practice. This entails that MNEs and the wider private sector in Egypt embraces the four responsibilities presented by Carroll's (1991) CSR pyramid. Data revealed that MNEs in Egypt already perform their economic and philanthropic responsibilities, yet they need to invest more efforts in the legal and ethical responsibilities. Egypt enjoys a robust regulatory framework yet enforcement might be weak. Despite, weak government enforcement responsible businesses should abide by the legal and regulatory framework.

Another important element in the Holistic Approach to CSR Practice is stakeholder engagement. According to this holistic approach, the four responsibilities mentioned by Carroll (1991) are not implemented in vacuum, but in consultation and in response to stakeholders' interests and concerns. Key stakeholders of CSR practice in Egypt include, civil society organizations including NGOs, the government, and the community. Literature offers several mechanisms for successful stakeholder engagement, and this can be further explored.

The final gear to the Holistic Approach to CSR Practice is to take CSR the extra mile and invest in development. Yet, this will never happen without businesses being responsible entities, and without proper stakeholder engagement. For CSR to be a good agent for development, all stakeholders need to share responsibilities, actively cooperate together, and work together towards achieving a common agreed set of goals.

The researcher agrees with interviewees who claimed that CSR practice in Egypt is in need of greater cooperation, and proper partnership between different CSR stakeholders. Yet, the researcher rejects the idea of excluding the Egyptian government from the CSR equation. Even if the government is believed to be bureaucratic, coercive, and inefficient, still it is a key CSR stakeholder. And if we would discuss CSR in the context of development, then the government should have an even bigger role. Or else the private sector will assume the role of the government, taking over its roles and responsibilities, which is not really in the private sector's authority, legitimacy, nor expertise to do so.

Therefore, an important recommendation here is that the Egyptian government should have a greater role in leading CSR reforms.

But why should the government have a greater role in leading CSR reforms in Egypt? The author believes that being a key CSR stakeholder with substantial power and authority, the government can prevent the possible abuse of CSR practice, and the potential harm caused to CSR stakeholders. Also, MNEs being primarily the donors of CSR projects enjoy a certain level of power over NGOs – the implementers of CSR projects. Hence reforms led by MNEs would not be legitimate, fair, or representative of all stakeholders' interests. Finally, most of the NGOs are being portrayed as lacking resources and struggling to reach out to CSR partnerships. As a result of all the internal and external challenges faced by NGOs, the author sees it difficult for them to lead CSR reforms.

Then how can CSR practice improve through a greater role played by the government? Ideally the government could assume its legislative role by regulating CSR practice. These laws would regulate CSR in terms of reporting, funding, areas of intervention, and partnership dynamics. Yet, as data revealed, members of the CSR community would not accept such reforms, then it is in no one's interest to coercively enforce unwelcomed regulations that would not achieve the desired outcome. Therefore, the author suggests that the government sets a general framework for CSR practice, this framework should not be ratified into law, but should simply codify how CSR should be practiced in Egypt. This framework will not force SMEs and MNEs to implement CSR, but it will set a

general framework for those who wish to implement CSR, or are already implementing CSR. For this framework to be as representative as possible of all CSR stakeholders' interests and concerns, the author suggests the creation of a CSR National Council representing a pool of CSR stakeholders in Egypt.

Board members of the CSR National Council will be appointed by a task force made up of representatives of several Ministries - including the Ministry of Social Affairs, and the Minister of Planning - prominent CSR practitioners, MNEs active in CSR, and civil society organizations. The board of the CSR National Council will consist of members of the private sector, business chambers of commerce, representatives from International NGOs, representatives from local NGOs, and CSR consultants.

The first task of the CSR National Council would be to create a CSR framework for Egypt which include basic do's and don'ts for CSR practice. One of the main pillars of this CSR framework would be to encourage CSR projects that invest in the advancement of local supply chains and local SMEs as a tool for achieving local economic development. Also, one of the main tasks of the National CSR Council will be to discuss and agree a list of priority areas of intervention for CSR. These priority areas of CSR intervention will be primarily based on the national development plan of Egypt, and on community needs. Private sector companies implementing CSR projects should invest in CSR projects that serve one or more of these areas of intervention.

The CSR National Council will also lobby the government to create CSR policies. An example of which is creating greater tax incentives for companies that decide to invest in CSR projects that are either related to their core business and industry, or impact needy communities in the geographic proximity of the business. Also, companies deciding to engage in CSR activities should commit a certain percentage of the total amount of the project for monitoring and evaluation of their CSR projects. The CSR National Council will have the right to review the report and provide comments and feedback.

The CSR National Council will also create an online portal with a database of all active NGOs in Egypt, as well as all MNEs and SMEs working in CSR. The portal will also have a hotline, and email address for people who want to report any complains related to CSR practice. The CSR framework will also assign to the CSR National Council the responsibility of raising funds and encouraging think tanks to conduct research on CSR.

Also, if companies wish to engage in CSR activities then they will be obliged to issue an annual CSR and Sustainability report which lists all the details of the CSR projects. The annual CSR and Sustainability report will also present the companies' efforts towards the environment, surrounding community, and its responsible business practice, including respect to labor laws and human rights in general.

Finally, regarding CSR advertisement, companies deciding to invest in marketing and advertising campaigns for CSR projects, should commit a certain percentage of the total amount of the project for advertisement. Companies should not exceed this percentage or

threshold. The CSR National Council will also have the right to review the content of CSR advertisement and provide comments and feedback, in order to prevent the communication of untrue statements and facts regarding CSR projects.

6.2. Conclusion

Being one of the very few researches on CSR practice in Egypt, this study is a significant contribution to existing literature, and will be of great help to CSR practitioners and stakeholders in Egypt. Not only thanks to the insightful findings, but also thanks to the way important information is presented and discussed. Including the development of a conceptual framework for this study and for CSR practice in general.

The study provided a deep understanding of CSR practice in Egypt, identifying the challenges faced during implementation, and providing important recommendations for improving CSR practice in general, and for CSR to be an agent of good development in Egypt.

Qualitative interviews with members of the CSR community in Egypt rendered rich data which was linked and triangulated with the literature review and conceptual framework developed for this study. Data exposed a totally different reality of CSR practice than the one available in literature. There is a substantive gap between CSR Western literature and theory, versus what is actual happening on the ground in Egypt.

For instance, interviews and discussions with informants of this study revealed that the philanthropic and charitable side of CSR was practiced in Egypt centuries ago by both individuals and businessmen mainly for religious purposes. CSR in Egypt is perceived differently, and apparently there is an Egyptian definition of CSR. CSR in Egypt is perceived as a long-standing charitable, informal, paternalistic, voluntary practice, associated with religious beliefs, and implemented by both individuals and businesses. On the other hand, the new, secular, and corporate concept of CSR emerged in Egypt in the early 2000, thanks to MNEs. Most of the respondents agree that the secular concept of CSR was imposed to MNEs operating in Egypt from their mother companies based in the West.

In terms of CSR flaws, data revealed several flaws, grouped into three main themes. CSR used as a PR and marketing tool, the lack of a CSR partnership model, and the lack of a CSR vision.

In an attempt to address these flaws and accommodate respondents' recommendations, the author suggested several reforms. First is the endorsement of the Holistic Approach to CSR Practice. Second, is the creation of a CSR National Council. This National Council consists of a representation of all CSR stakeholders in Egypt, and will perform a series of tasks. These tasks include, identifying a list of priority areas of intervention for CSR projects, lobbying the government to adopt CSR policies such as extra tax incentives to MNEs and SMEs that practice CSR, encouraging certain CSR activities, and finally drafting and implementing a CSR framework. This framework will help CSR

practitioners implement better CSR activities, will protect the rights of CSR stakeholders, and will encourage the implementation of CSR as an agent of good development in Egypt.

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Appendix 1 – Interview Informed Consent Form



Documentation of Informed Consent for Participation in Research Study

Project Title: Corporate Social Responsibility in Egypt: A study on the current practice, challenges, and the unexplored potential for CSR as a tool for national development.

Principal Investigator: Sara Adel Refaat – Mobile 01060843444 – email: dolores@aucegypt.edu

*You are being asked to participate in a research study. The purpose of the research is for the investigator's Master's Thesis. The Thesis aims at understanding and analyzing the current Corporate Social Responsibility (CSR) practice in Egypt. The findings of this research may be published. The expected duration of your participation is approximately an hour.

The procedures of the research will be as follows:

This research is confidential.

A list of questions will be asked, you will have the time to express yourself and answer them as you wish

Your participation is totally voluntary, and you are free to withdraw your participation from this research at any time

Interviews will be voice recorded, and later transcribed by the investigator. Questions will revolve around CSR practice in Egypt.

*There will not be any risks or discomforts associated with this research.

*There will be benefits to you from this research, as you will be participating in the first empirical research conducted on CSR practice in Egypt, thus you will be benefiting from the findings of this research.

* The information you provide for purposes of this research is anonymous. Although direct quotes from you may be used in this research, your name, your employer, or any other identifying information will be kept anonymous. Research data gathered from this project will be published in a form that does not identify you or your employer in any way.

* You can contact the investigator, Sara Refaat if you have any concerns about the research on the contact information written above.

*Participation in this study is voluntary. Refusal to participate will involve no penalty or loss of benefits to which you are otherwise entitled. You may discontinue participation at any time without penalty or the loss of benefits to which you are otherwise entitled.

Signature _____

Printed Name _____

Date _____