

**Haigazian University
Libraries**



0 0 0 0 3 8 1 4 6



**EX LIBRIS HAIGAZIAN UNIVERSITY
BARSUMIAN LIBRARY**

T
0042

HAIGAZIAN UNIVERSITY

CORPORATE SOCIAL RESPONSIBILITY IN LEBANON

BY

HERA HRAYR SAGHERIAN

Approved by:

Sana Jerejian

A thesis

Submitted in partial fulfillment of the requirements for the degree of
Master of Business Administration
To the faculty of Business Administration and Economics
At Haigazian University

Wafiq Ghossein

[Dr. Wafiq Ghossein, Lecturer]
[Department of Business Administration and Economics]

Second Reader

Beirut, Lebanon

Date of Project Presentation: June 2008

June, 2008

HAIGAZIAN UNIVERSITY

CORPORATE SOCIAL RESPONSIBILITY IN LEBANON

BY

HERA HRAYR SAGHERIAN

Approved by:

Sona Jerejian

[Dr. Sona Jerejian, Assistant Professor]

First Reader

[Department of Business Administration and Economics]

Wafica Ghoul

[Dr. Wafica Ghoul, Lecturer]

Second Reader

[Department of Business Administration and Economics]

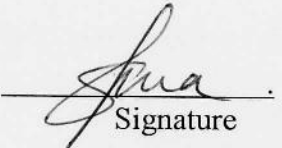
Date of Project Presentation: June 12, 2008

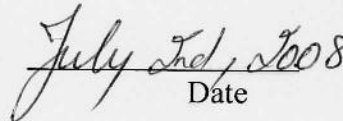
HAIGAZIAN UNIVERSITY

PROJECT RELEASE FORM

I, Hera Hrayr Sagherian

- ☒ Authorize the Haigazian University to supply copies of my thesis/ dissertation/ project to libraries or individuals upon request.
- ☐ Do not authorize the Haigazian University to supply copies of my thesis/ dissertation/ project to libraries or individuals for a period of two years starting with the date of the thesis/ dissertation/ project defense.


Signature


Date

(Check √ whichever wording is applicable)

N.B. This form is signed when submitted the thesis to the Archives Librarian.

ACKNOWLEDGEMENTS

I would like to thank my family who supported me throughout my study period. I would like to thank my parents, for their understanding, support, and help for achieving my goal; my husband, for always being there with unconditional love and unlimited encouragement.

I would also like to thank all my professors for dedicating their time and efforts to make us the people we are today.

Special thanks to Dr. Sona Jerejian and Dr. Wafica Ghoul for providing their quality time and sharing their knowledge and experience with me. You were always there for me in the toughest times, to support me and lift my spirits.

And finally, thanks to all the companies for sharing precious time and sensitive information.

AN ABSTRACT OF THE PROJECT OF

Hera Sagherian for Master of Business Administration and Economics
Major: Marketing

Title: Corporate Social Responsibility In Lebanon

The popularity and importance of corporate social responsibility (CSR) is increasing in recent years. In fact, being active in CSR is becoming a competitive advantage for many international companies. Furthermore, in order to survive and compete in a global market, companies need to engage in CSR activities, because CSR is becoming a criterion for investment opportunities and expansion plans.

The purpose of this study is to provide insight into how well Lebanese companies and industries, understand and implement CSR.

Focusing on the concepts and theories presented in literature, a qualitative research method including the design and administration of a questionnaire has been used. Data was collected through in-depth interviews and analyzed qualitatively to explore the situation of CSR in few companies of different industries in Lebanon.

As a result of the conducted analysis, hypotheses were posed that will help further research uncover the constituents of CSR in Lebanon and its effect on Lebanese companies.

CONTENTS

Page

ACKNOWLEDGEMENTS.....	v
-----------------------	---

ABSTRACT.....	vi
---------------	----

Chapter

1. INTRODUCTION.....	1
----------------------	---

1.1 Importance of CSR.....	1
----------------------------	---

1.2 Purpose of the study.....	4
-------------------------------	---

1.3 Methodology.....	5
----------------------	---

2. LITERATURE REVIEW.....	6
---------------------------	---

2.1 Definitions of CSR.....	6
-----------------------------	---

2.2 Evolution of CSR.....	14
---------------------------	----

2.3 CSR Initiatives.....	22
--------------------------	----

2.4 Levels of commitment to CSR.....	34
--------------------------------------	----

2.5 Benefits of CSR.....	36
--------------------------	----

2.6 Challenges of CSR.....	47
----------------------------	----

3. THE RESEARCH.....	53
3.1 Research Objective and Approach.....	53
3.2 Instrument of Research	55
3.3 Sample Selection.....	59

4. DATA ANALYSIS AND CONCLUSION.....	60
4.1 Analysis.....	60
4.2 Conclusion.....	71
4.3 Limitations of the Study and Recommendations for Further Study.....	74

BIBLIOGRAPHY.....	76
-------------------	----

APPENDIX A.....	77
-----------------	----

1- INTRODUCTION

1.1 Importance

In the past decade social responsibility has gained an increased importance in the strategic management of companies. Today's challenge is to improve the bottom line and at the same time to be good corporate citizens.

Companies are contributing to the improvement of social welfare in the communities they are residing in with the ultimate purpose of gaining a competitive advantage.

Social responsibility is criteria for good management especially since resources are becoming scarce, thus, making it more challenging to share these scarce resources in carrying out the objectives of corporate social responsibility (CSR).

These reasons are making CSR activities appreciated by many international organizations and associations. Such organizations are:

World Business Council for Sustainable Development (WBCSD) which has a membership of 180 international companies from 35 countries. Its mission is to promote sustainable development through economic growth, ecological balance and social progress;

Business for Social Responsibility (BSR) is a non-profit association which offers advisory services, research and conferences on corporate social responsibility (CSR);

Global Environmental Management Initiative (GEMI) is an organization of companies dedicated to fostering global environmental, health and safety (EHS) excellence through the sharing of tools and information to help business achieve EHS excellence;

Caux Round Table Assessment and Improvement Tool is a network of senior business leaders from industrialized and developing nations who recognize that business must take a leadership role in developing a more fair, free and transparent society.

The recent progress of the socially responsible investment (SRI) movement globally provides evidence that the marketplace is developing both social and environmental information and criteria to supplement the traditional financial criteria used to make investment decisions. Market indexes and professional firms now provide information about a wide range of corporate characteristics, including governance, human resource management, health and safety, environmental protection and community development. Some examples of SRI indexes are the Dow Jones sustainability index, FTSE4GOOD 100 index, Jantzi Social Index Canada, Innovest, Calvert CALVIN Social Index and KLD Domini 400 Index.

Furthermore, to prove the importance CSR has gained, ISO has launched the development of the future ISO 26000 standard providing voluntary guidance on Social Responsibility (SR). ISO 26000 will be for organizations of all types in both public and private sectors, in developed and developing countries. It will add value to existing initiatives for Social Responsibility by providing harmonized, globally relevant guidance based on international consensus among expert representatives of the main stakeholder groups and so encourage the implementation of best practice in Social Responsibility worldwide.

ISO 26000 will be a distillation of international expertise on Social Responsibility(SR), what it means, what issues an organization needs to address in order to operate in a socially responsible manner, and what is considered to be best practice in implementing SR. ISO

26000 will be a powerful SR tool to assist organizations to move from good intentions to good actions.

The subject of corporate social responsibility has caught my attention since it relates to the human contribution of businesses to the welfare of the surrounding community. It touches an area of business where people, not processes, are important to the success or failure of a certain project.

The reason why I chose to conduct a research about this subject in Lebanon is due to the current social trouble the Lebanese community is facing. First, I wanted to find out whether the Lebanese companies have a thorough and correct understanding of the concept of social responsibility and how compatible with the CSR trend. Then, I wanted to learn where the Lebanese business community stands in being a good implementer of CSR and what are the specific manifestations of this good implementation. Furthermore, I wanted to find the weight that CSR has on the decision-making process of companies.

1.2 Purpose

The subject of corporate social responsibility has caught my attention since it relates to the humane contribution of businesses to the welfare of the surrounding community.

It touches an area of interest where people, not processes, are important to the success or failure of a certain project.

The reason why I chose to conduct a research about this subject in Lebanon is due to the current societal trouble the Lebanese community is facing. First, I wanted to find out whether the Lebanese companies have a thorough and correct understanding of the concept of social responsibility and have caught-up with the CSR trend. Then, I wanted to learn where the Lebanese business community stands in being a good implementer of CSR and what are the specific manifestations of this good implementation. Furthermore, I wanted to find the weight that CSR has on the decision-making process of companies.

1.3 Methodology

My first task has been to gain more insight into the subject of CSR, therefore I conducted a literature review that included the description of the different definitions of CSR, its evolution, the different initiatives that companies can engage in, the levels of commitment to CSR, and, the benefits and limitations of its implementation.

After understanding thoroughly how CSR works and analyzing the requirements of a successful CSR program, I conducted a field study for which I developed a semi-structured questionnaire and administered it, through in-depth interviews, to a small sample of Lebanese based companies.

The analysis of the gathered data was qualitative, and its purpose was to explore the situation of CSR in few companies of different industries in Lebanon.

Finally, I identified the limitations of the research and posed hypotheses that will help further research uncover the constituents of CSR in Lebanon and its effect on Lebanese companies.

2. LITERATURE REVIEW

2.1 Definition of CSR

A good understanding of Corporate Social Responsibility begins with reviewing the different definitions and explanations offered by the pioneers throughout the past years. CSR, according to Hohnen (2007), is an evolving concept that currently does not have a universally accepted definition. Generally, CSR is understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within the firm, create wealth and improve society. As issues of sustainable development become more important, the question of how the business sector addresses them is also becoming an element of CSR. Furthermore, Hohnen (2007) suggests that CSR should be seen as the way that firms—working with those most affected by their decisions (often called “stakeholders”)—can develop innovative and economically viable products, processes and services within core business processes, resulting in improved environmental protection and social conditions.

Corporate Social Responsibility (CSR), according to Kotler and Lee (2005) is a commitment to improving the community’s well-being through discretionary business practices and contributions of corporate resources. It is a voluntary commitment a business makes in choosing and implementing these practices and making these contributions.

Kotler and Lee also define Corporate Social Initiatives (CSI) to be major activities

undertaken by a corporation to support social causes and to fulfill commitments to CSR.

The World Business Council for Sustainable Development, cited by Kotler and Lee (2005), defines CSR as a business commitment to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life.

Business for Social Responsibility, say Kotler and Lee (2005), sees CSR as: operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business.

Craig Smith, in the HBR article “The New Corporate Philanthropy”(1994), describes CSR as a shift to making long-term commitments to specific social issues and initiatives; providing more than cash contributions; sourcing funds from business units as well as philanthropic budgets; forming strategic alliances; and doing all of this in a way that also advances business goals.

In addition, Hohnen suggests the following different points of view about CSR:

- CSR is the firm’s practices and policies that contribute to the well-being of the environment, economy and society. They address the needs of customers, suppliers, shareholders and employees, as well as those of government, the general public and the communities where the firm operates, without compromising the ability of future generations to meet their own needs.
- CSR is the way the company integrates economic, environmental and social objectives while, at the same time, addressing stakeholder expectations and sustaining or enhancing shareholder value.

- CSR is the overall relationship between the corporation and its stakeholders, which include customers, employees, communities, owners/investors, government, suppliers and competitors. Elements of CSR include investment in community outreach, employee relations, creation and maintenance of employment, environmental stewardship and financial performance.
- CSR is the responsibility the firm has to its stakeholders. It means that the firm's products and services create value for customers and contribute to the well-being of society. It means that the firm operates using ethical business practices and expects the same from its suppliers and partners. It means minimizing the environmental impact of its facilities and products. It means providing jobs, paying taxes and making a profit, as well as supporting philanthropy and community involvement. It means treating employees with respect and being a good neighbor to the people next door as well as those who are half a world away.

The ISO 26000 Working Group on Social Responsibility (Sydney, February 2007) highlights a working definition of CSR: "Social responsibility (is the) responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behavior that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behavior; and is integrated throughout the organization."

Sims (2003) proposes one useful definition of CSR, stating that it requires "the continuing commitment by business to behaving ethically and contributing to economic development

while improving the quality of life of the workforce and their families as well as of the community and society at large."

Hohnen (2007) identifies typical "beyond law" CSR commitments and activities pertaining to: human conditions and rights; health and safety; environmental issues; education; sustainable development; industrial relations; community involvement, development and investment; corporate philanthropy and employee volunteering; customer satisfaction and adherence to principles of fair competition; anti-bribery and anti-corruption measures; accountability, transparency and performance reporting; and supplier relations, for both domestic and international supply chains.

Kotler and Lee state that, for a company to be described as socially responsible, a voluntary commitment must be demonstrated and fulfilled through the adoption of new business practices and/or contributions, either monetary or non-monetary, thus, creating an increased importance of perceived corporate morality in choices made by consumers, investors, and employees.

Hohnen (2007) sees CSR activities that integrate broader societal concerns into business strategy and performance as evidence of good management. There are two separate drivers for CSR, Hohnen says. The first driver relates to public policy, which means that the expectations from businesses are rising; governments will be looking for ways to increase the positive contribution of business. The second driver is the business driver; here, CSR considerations can be seen as both the costs of and the benefits from being socially responsible. Thus, CSR is a central management concern. It positions companies to both proactively manage risks and take advantage of opportunities, especially with respect to

their corporate reputation and the broad engagement of stakeholders. It is about sensitivity to context—both societal and environmental—and related performance. It is also about moving beyond declared intentions to effective and observable actions and measurable societal impacts.

Management should sell its ideas internally, set appealing yet realistic expectations for outcomes, and then build cross-functional support for implementation plans, according to Kotler and Lee (2005). It should further align business goals with cultural and social ones, report corporate responsibility through environmental, social, or sustainability reports to provide transparency on business practices, and enter commitments to CSR in the mainstream of corporate dialogue as a must-do as the following companies:

American Express: “Good works = Good business...”

Dell: “...it’s important that we provide technology to all communities that we call *home*.”

Ford Motor Company: “There is a difference between a good company and a great company. A good company offers excellent products and services. A great company also offers excellent products and services but also strives to make the world a better place.”

Kellogg: “There are many measures of a company’s success... another important measure that we hold ourselves accountable for [is] our social responsibility.”

Hewlett-Packard: “... winning companies of this century will be those who prove with their actions that they can be profitable and increase social value- companies that both do well and do good...”

McDonald’s: “Social responsibility is not a program that begins and ends...It’s an ongoing commitment.”

Nike: “The performance of Nike and every other global company in the Twenty-First

Century will be measured as much by our impact on quality of life as it is by revenue growth and profit margins...”

Hohnen (2007) suggests that in order to come up with ways for the firm to integrate CSR into operations, a useful first step is to hold brainstorming sessions with senior managers, employees, key business partners and others. Participants must be clear on the need to align any CSR approach with the firm’s core business objectives, methods and core competencies. Participants can answer questions such as the following:

- What social and environmental activities and initiatives has the firm undertaken already?
- What strengths, weaknesses, opportunities and threats do these present?
- What has the firm learned from others that could be helpful?
- What are the firm’s CSR goals?
- Where could the firm be in 10 years in terms of CSR activities and outcomes?
- What are the big social issues and how might the firm help?
- If the firm is to be a CSR leader, what changes to current practices and products would need to take place?
- Are there some CSR activities or initiatives that the firm could easily undertake now at zero or low cost?
- Are there areas in which CSR changes would have a particularly significant impact on the firm and others?

What are they and what are the likely impacts?

- Can the proposed CSR changes be organized into short-, medium- and long-term deliverables?

- What are the resource implications of these deliverables?
- Are there any changes to the firm's structure that would need to occur to implement any of the deliverables?
- Are there any other obstacles or impediments that might stand in the way of taking a more systematic approach to implementing CSR? If so, what are they?
- Are there opportunities for cost reductions?
- What are the potential risks of failing to take into account the broader environmental, social and economic aspects of a business's activities?
- What should be the priorities for action if the firm decides to do more?

In addition to stimulating new ideas, such brainstorming sessions can also generate excitement and build awareness about CSR activity within the firm.

The Organization for Economic Co-operation and Development (OECD, 2001) argues that CSR is intrinsic to how a company does business and its social responsibility should be essential to all value-based business practice. Values and beliefs become real only when they are lived everyday. A genuine socially responsible corporation will set and achieve social and environmental standards even more rigid than what is required by law.

Sims (2003) argues that an organization's community citizenship is demonstrated by whether it refrains from acting in a manner contrary to the well-being of society and by the degree to which it supports community activities, encourages employees to participate in community activities, handles health and safety aspects of its operations, accepts responsibility for overcoming environmental pollution, relates to regulatory bodies and employee unions, and exhibits high ethical standards. Organizational management that

truly cares about business and corporate social responsibility is proactive rather than reactive in linking strategic action and ethics. It steers away from ethically and morally questionable business opportunities and business practices, and it goes to considerable lengths to ensure that its actions reflect integrity and high ethical standards.

The task of making an organization socially responsible, says Sims (2003), means

- (1) Conducting organizational activities within the bounds of what is considered ethical and in the general public interest.
- (2) Responding positively to emerging societal pressures and expectations.
- (3) Demonstrating a willingness to take action ahead of regulatory confrontation.
- (4) Balancing stockholder interests against the larger interests of society as a whole, and
- (5) Being a good citizen in the community.

2.2 Evolution of CSR

The evolution of CSR approaches and strategies sheds additional light on our understanding of CSR.

CSR past Trends

Kotler and Lee (2005) identify the past trend as “Doing good to look good”. Decisions regarding issues to support and organizations to sponsor were more heavily influenced by preferences and wishes of senior management and directors of boards than by needs to support strategic business goals and objectives. The rule of thumb was to “do good” as easily as possible; simply write a check; visibility for efforts was not a goal or concern. Sims (2003) tells that there were few corporate acts of charity at the start of the Twentieth Century. Instead, wealthy business people engaged in philanthropy as they gave as individuals from their personal wealth to charitable and other worthy causes. Two principles provided the foundation for contemporary views on social responsibility. The first of these, the principle of charity, is rooted in religious tradition and suggests that those who have plenty should give to those who do not. Under the influence of this principle, individuals in the business community increasingly decided to use some of their corporate power and wealth for the social good. These voluntary community obligations to improve, beautify, and uplift were quite evident to many business leaders. Over time, an increasing number of business leaders adopted and spread the idea that business has a responsibility to society beyond simply providing necessary goods and services. A second principle that

shaped CSR is the principle of stewardship, which asserts that organizations have an obligation to see that the public's interests are served by corporate actions and the way in which profits are spent. Most corporations control vast resources, they are powerful, and their power and wealth come from their operations within society; thus they have an obligation to serve society's needs. In this way, corporations and their leaders and managers become stewards, or trustees for society.

The New Approach to CSR

Kotler and Lee (2005) refer to Craig Smith who suggested a new model, a strategic approach that ultimately impacted what issues corporations supported, how they designed and implemented their programs, and how they were evaluated; this model suggested that there was an increased desire for doing well and doing good. More corporations picking a few strategic areas of focus that fit with corporate values; selecting initiatives that support business goals; choosing issues related to core products and core markets; supporting issues that provide opportunities to meet marketing objectives; evaluating issues based on their potential for positive support in times of corporate crisis or national policy making; involving more than one department in the selection process, so as to lay a foundation of support for implementation of programs, and taking on issues the community, customers, and employees care most about.

In the new approach companies strive to do all they can to do the most good, not just some good. Managers make long-term commitments and offer in-kind contributions (corporate expertise; technological support; services; donation of retired equipment; share distribution

channels; volunteer employee time; integrate issue into marketing, human resources, community relations and operations; form strategic alliances with one or more external partners.)

Evaluation has an increased importance in contemporary CSR activities, explained Kotler and Lee (2005); there are increased pressures for setting campaign goals measuring outcomes for the corporation and measuring the impact for the cause.

Hohnen (2007) states: "CSR has become an integral part of the new business model."

Thus, attitudes about what is and is not considered socially responsible behavior have changed substantially over time. This change is reflected by the following three phases, which are analyzed by Sims (2003).

Phase One: Profit-Maximizing Management

During the period of economic scarcity in the nineteenth century and the early part of the twentieth century, most business managers felt they had one primary responsibility to society. They were to underwrite the country's economic growth and oversee the accumulation of wealth. Business leaders could pursue, almost single-mindedly, the objective of maximizing profits. Leaders essentially felt that what was good for business was good for the country. The strong business ethos was shattered, however by the Great Depression of the 1930s.

Phase Two: Trusteeship Management

After the Great Depression, organizations found themselves having to respond to the demands of both internal and external groups, such as stockholders, customers, suppliers, and creditors. As a consequence, organizations had to shift their orientation to social responsibility, and the result was the emergence of trusteeship management. Corporate leaders needed to maintain an equitable balance among the competing interests of all groups with a stake in the organization. Pressure from these groups led to the use of some corporate wealth to meet social needs.

Phase Three: Quality-of-Life Movement

This phase is part of the modern era in which the concept of corporate social responsibility gained considerable acceptance and broadened in meaning. During this time, a new set of national priorities began to develop and the pressure on corporations and their business leaders to behave in socially responsible ways intensified as the emphasis moved from little more than a general awareness of social and moral concerns to a period in which specific issues raised widespread concern about the quality of life. The consensus was that corporations and their managers had to do more than achieve narrow economic goals. They are to enhance our quality of life by helping solve society's ills. Hohnen (2007) explains; businesses are an integral part of the communities in which they operate. Good executives know that their long-term success is based on continued good relations with a wide range of individuals, groups and institutions. Smart firms know that business can't succeed in societies that are failing. Moreover, the general public has high expectations of the private sector in terms of responsible behavior. Consumers expect goods and services to reflect

socially and environmentally responsible business behavior at competitive prices.

Hohnen (2007) says there is no “one-size-fits-all” method for pursuing a corporate social responsibility (CSR) approach. Each firm has unique characteristics and circumstances that will affect how it views its operational context and its definition of its social responsibilities. Each will vary in its awareness of CSR issues and how much work it has already done towards implementing a CSR approach. That said, there is considerable value in proceeding with CSR implementation in a systematic way—in harmony with the firm’s mission, and sensitive to its business culture, environment and risk profile, and operating conditions. Many firms are already engaged in customer, employee, community and environmental activities that can be excellent starting points for firm-wide CSR approaches. CSR can be phased in by focusing carefully on priorities in accordance with resource or time constraints. Alternatively, more comprehensive and systematic approaches can be pursued when resources and overall priorities permit or require. The bottom line is that CSR needs to be integrated into the firm’s core decision making, strategy, management processes and activities, be it incrementally or comprehensively. Engaging people at all levels of the organization, in developing the definition of CSR from the very beginning will help ensure the approach the firm ultimately takes to CSR will resonate and be supported throughout the organization, says Hohnen (2007).

The Organization for Economic Co-operation and Development (OECD, 2001) finds that implementing social responsibility is facilitated through standards and common codes of conduct. While firms themselves have set the standards, governments have played a role in

defining common rules. Codes of conduct were created and emerged internationally, providing principles for business that promote benchmarking issues for human rights, workplace safety, transparency, environmental management, consumer protection and fighting corruption. OECD further proves that people are the driving force behind this movement and they must be able to work and live with the changes taking place.

Empowerment to the people, those in the community at large and those working for the company should be encouraged by corporations. Corporations are at the heart of the economic life of a community and have a key role to play in development and cohesion in society.

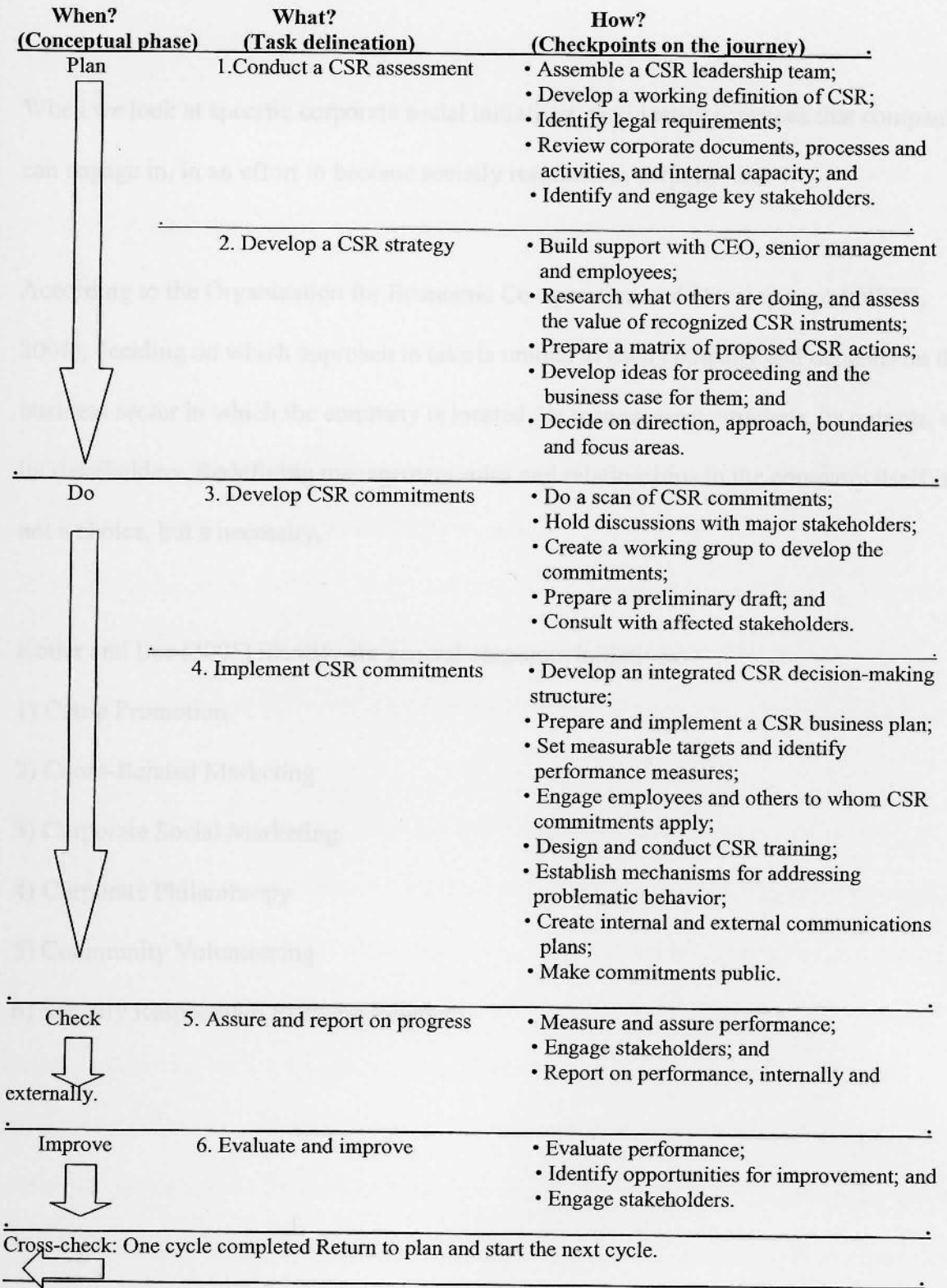
Sims (2003) explains that every strategic action an organization takes should be ethical. It should involve rightful actions, not wrongful ones; otherwise it won't pass the test of moral scrutiny. This means more than conforming to what is legal. Ethical and moral standards go beyond the law and the language of "thou shall not." They address the issues of duty and the language of "should do and should not do." Ethics concern human duty and the principles on which this duty rests.

Hohnen (2007) suggests a well-designed CSR implementation framework (Image 1) that integrates economic, social and environmental decision making throughout a firm. A properly governed firm can reap optimal benefits for itself and its shareholders, and in turn for those who are affected by the firm's activities. At all levels of a firm, inadequate direction and control of its activities and assets can jeopardize its very ability to operate.

Similarly, Sims (2003) proposes the following basic suggestions for those organizations interested in getting started on the CSR road, the following is a road map:

- > Assign responsibility, and incorporate a structure, for reporting to senior management or board level.
- > Conduct a baseline CSR review and produce a gap analysis.
- > Review shareholders' and customers' perspectives and expectations.
- > Write a policy statement, covering environmental, social, and community issues, that commits to action.
- > Develop a set of corporate objectives and an action plan to implement the policies.
- > Establish company-wide quantitative and qualitative targets and key performance indicators over a two- to five-year period, together with the necessary measurement, monitoring, and auditing mechanisms.
- > Embed actions and strategies into core business strategies and processes.
- > Communicate performance externally so that inquiries from fund managers and stakeholders do not take up too much internal management time.
- > Benchmark environmental and social performance internally and externally.
- > Monitor and report your progress in CSR and business improvement.

Image 1: CSR Implementation framework (Hohnen,2007)



2.3 Corporate Social Initiatives

When we look at specific corporate social initiatives, we identify practices that companies can engage in, in an effort to become socially responsible corporations.

According to the Organization for Economic Co-operation and Development (OECD, 2001), deciding on which approach to take is unique to each company and depends on the business sector in which the company is located, its management structure, its outputs, and its stakeholders. Redefining management roles and relationships in the company itself is not a choice, but a necessity.

Kotler and Lee (2005) identify six general corporate initiatives:

- 1) Cause Promotion
- 2) Cause-Related Marketing
- 3) Corporate Social Marketing
- 4) Corporate Philanthropy
- 5) Community Volunteering
- 6) Socially Responsible Business Practices

Cause Promotion

A corporation provides funds, in-kind contributions, or other corporate resources to increase awareness and concern about a social cause or to support fundraising, participation, or volunteer recruitment for a cause. The corporation may initiate and manage the promotion on its own; it may be a major partner in an effort; or it may be one of several sponsors.

Cause Promotion's purpose is to build awareness and concern about a cause; persuade people to find out more about a cause; persuade people to donate their time to help those in need; persuade people to donate money that will benefit a cause; persuade people to donate nonmonetary resources; persuade people to participate in events.

Many of the corporate benefits associated with cause promotions are marketing related: strengthened brand positioning and brand preference, increased traffic, and customer loyalty. In addition, they provide customers and employees opportunities and convenient ways to contribute to causes.

However, there are also many challenges that managers face when engaging in a cause promotion. Managers must ensure visibility for their company on promotional materials in return for the investment of corporate resources, often funded by the marketing department. Managers must consider a sustainable component in the campaign. Often, managers find difficulty tracking results for the company from the promotional effort, they also find difficulty tracking the actual expenditure of corporate resources. They also may get swamped with requests for contributions from other organizations connected to the cause; which adds even more to the expenditure of effort and time. Managers must be aware that

this approach requires more time and involvement; it requires spending more time and effort coordinating and supporting programs. Finally, managers must take into consideration that promotions are often easy to replicate, removing any competitive advantage.

Cause-Related Marketing

A corporation commits to making a contribution or donating a percentage of revenues to a specific cause based on product sales. Most commonly this offer is for an announced period of time and for a specific product and a specified charity. A corporation is most often partnered with a nonprofit organization, creating a mutually beneficial relationship designed to increase sales of a particular product and to generate financial support for the charity. CRM initiatives often require more formal agreements and coordination with the charity. This initiative typically involves more promotion, especially paid advertising. Thus, it is most likely to be managed and funded by the corporation's marketing department.

CRM is perhaps most ideal for companies with products that have mass market appeal, large customer bases, and wide distribution channels, especially those in the financial services, consumer goods, airlines, and telecommunications industries.

Most corporate benefits from a cause-related marketing campaign are marketing-related: attract new customers, reach niche markets, increase product sales, and build positive brand identity. In addition, such initiatives may also be one of the best strategies for raising significant funds for a cause.

Concerns for CRM include increased staff time and funds and potential legal and marketing risks. Contractual agreements need to be drawn up between the corporation and the charity, taking more time and attention. Participants need to establish reliable tracking systems to ensure consumer commitments are fulfilled. Such systems can be very labor intensive. Since per item donations are often small, participation levels will need to be high in order for the effort to be worthwhile. This often requires an investment in paid promotions, in order to obtain a reach and frequency threshold with target audiences. Consumers can be especially skeptical of campaigns like this. Their perception is that the amount is probably small and won't make a big difference and that the corporation is using its association with the charity for purely profit motives. Some customers may have concerns about the charity the brand is being associated with and may not want to purchase the product as a result. Promotional executions and media channels will need to be developed with the cause partner, who will also have guidelines and priorities related to brand identity and graphic standards.

Corporate Social Marketing: Supporting Behavior Change Campaigns

Corporate social marketing is a means whereby a corporation supports the development and/or implementation of a behavior change campaign intended to improve public health, safety, the environment, or community well-being. The campaign is designed primarily to support and influence a particular public behavior or action. The corporation is providing funds, in-kind contributions, or other corporate resources to increase awareness about a cause or to support fundraising or volunteer efforts for a cause. Social marketing

campaigns are developed and implemented by professionals working in federal, state, and local public sector agencies, such as utilities, departments of health, transportation, and ecology, and in nonprofit organizations.

Corporate social marketing campaigns most commonly focus on promoting behaviors that address *Health issues* (tobacco use prevention, breast cancer, fetal alcohol syndrome, teen pregnancy, diabetes, heart disease, HIV/AIDS);

Injury prevention issues (traffic safety, drowning prevention, suicide prevention, and emergency preparedness);

Environmental issues (water conservation, electrical conservation, air pollution, and litter prevention);

Community involvement (volunteering, voting, animal rights, organ and blood donation, crime prevention).

Many of the potential benefits for the corporation are connected to marketing goals and objectives: supporting brand positioning, creating brand preference, building traffic, and increasing sales. Potential benefits beyond marketing include improving profitability and making a real social impact.

On the other hand, when considering social marketing, managers are concerned that, some issues are not a good match for the corporation; for many issues and initiatives, clinical and technical expertise needs to be sought, which creates the necessity of seeking partners in the public or nonprofit sector with expertise in the area of focus. Behavior change and, therefore, impact does not often happen overnight. They are also concerned about the criticism arising from those who view social marketing campaigns as none of your business; developing, even supporting a social marketing campaign involves more staff

time for planning, implementation, and coordination with partners; more integration into current media and distribution channels; increased attention to monitoring and tracking results; and vigilance in keeping updated on trends and events relative to the social issue and related behaviors.

Corporate Philanthropy: Making a Direct Contribution to a Cause

Corporate philanthropy is a *direct contribution* by a corporation to a charity or cause, most often in the form of cash grants, donations and/or in-kind services. Most agree that the character of corporate philanthropy has matured over the decades, primarily in response to internal and external pressures to balance concerns for shareholder wealth with expectations to demonstrate responsibility for communities contributing to the corporation's livelihood. Philanthropic efforts commonly involve selecting a cause that reflects a priority area for the corporation, determining the type of contribution to be made, and identifying a recipient for contributions, most often an existing nonprofit organization, foundation, or public agency. Philanthropic activities include: providing cash donations, offering grants, awarding scholarships, donating products, donating services, providing technical expertise, allowing the use of facilities and distribution channels, offering the use of equipment.

Involvement in philanthropic activities appears to contribute most to the image and regard for the corporation among its varied publics, including customers, employees, and community organizations, especially ones that track and report on corporate giving. Many managers point to increased respect and

community good will and a stronger desired brand position. Additional benefits from involvement in corporate philanthropic activities are strengthening the company's industry, gaining the satisfaction of having a significant impact on societal problems, and leveraging the availability of excess or idle corporate resources.

At the same time, care needs to be given to finding and selecting a nonprofit charity and partner that has a strong reputation, is easy to work with, and has an existing infrastructure that will assure the effective management and utilization of contributions. Managers may need to address shareholder concerns. An issue unique to philanthropic activities is less visibility for these activities. Some feel strongly that actions will speak louder than words. The public expects and watches for the company's philanthropic activities and often makes purchase decisions based on awareness and knowledge of a company's giving. An additional challenge for managers of philanthropic initiatives is to track activities and measure outcomes. Finally, managers in companies without a set of guidelines and targets for giving will struggle for direction and consensus on levels and types of giving.

Community Volunteering: Employees Donating Their Time and Talents.

Community volunteering is an initiative in which the corporation supports and encourages employees, retail partners, and/or franchise members to *volunteer their time* to support local community organizations and causes. Volunteer efforts may include employees volunteering their expertise, talents, ideas, and/or physical labor. Corporate support may involve providing paid time off from work, matching services to help employees find opportunities of interest, recognition for service, and organizing teams to support specific

causes the corporation

has targeted. Volunteering in the community is viewed by many as one of the most genuine and satisfying of all forms of corporate social involvement.

Companies engage in and encourage volunteering by promoting the ethic through corporate communications that encourage employees to volunteer in their community and that may provide information on resources to access in order to explore volunteer opportunities.

Suggesting specific causes and charities that the employee might want to consider and providing detailed information on how to get involved. Organizing volunteer teams for a specific cause or event. Helping employees find opportunities through on-site coordinators, web site listings, or, in some cases, through sophisticated software programs that match specific employee interests and criteria with current community needs. Providing paid time off during the year to do volunteer work. Awarding cash grants to charities where employees spend time volunteering. Another action that can be taken along the line of CSR is recognizing exemplary employee volunteers through gestures such as mentions in internal newsletters, awards of service pins or plaques, and special presentations at department or annual company meetings.

Types of projects that employees volunteer for range from those that contribute to a local community to ones that improve health and safety for individuals, to those that protect the environment.

Community volunteering helps companies in building genuine relationships in the community. The relationship and community building opportunities for these sincere contributions are perhaps strongest for this corporate social initiative. It takes real commitment and caring to give your employees time away from the production lines or for

people who have a full-time job to give some of their free time to support a cause. CSR contributes to business goals, because it is a good investment from the business as well as the social point of view. Increasing employee satisfaction and motivation: a company's reputation for community involvement, including support for employees to volunteer for causes, can influence their morale, as well as their choices about where they work.

Supporting other corporate initiatives: supporting employees to volunteer for causes that are a strategic focus for the organization. Enhancing corporate image: strong reputations for corporate social responsibility can be enhanced, even won, through the generous actions of employees whose volunteer efforts bring them face-to-face with cause partners, citizens, and neighbors in need. Among all the corporate social initiatives, perhaps this one has the most ability to generate feelings of goodwill among employees and members of the community at the same time. Providing opportunities to showcase products and services: volunteer efforts provide additional opportunities to associate products with corporate community goodwill.

Potential concerns: This can get expensive. With so many employees, efforts may get spread over so many issues that we don't really make a social impact. Similarly, when efforts among employees are dispersed throughout the market, even the globe, how do we realize business benefits for the company as well? Being able to track efforts and outcomes for this initiative can be the most difficult of all. It is particularly tough with this initiative to find the balance between publicizing our efforts and flaunting them.

Socially Responsible Business Practices: Discretionary Business Practices and Investments to Support Causes.

Socially responsible business practices are where the corporation adapts and conducts discretionary business practices and investments that support social causes to improve community well-being and protect the environment. Why are companies engaging in socially responsible business practices?

- Socially responsible business practices can actually increase profits and has the potential for increasing revenues.
- Consumers are basing their purchase decisions on reputation for fair and sustainable business practices and perceptions of commitment to the community's welfare.
- Investors and other stakeholders may also be the driving force.
- To improve employee satisfaction and well-being.
- Technology and increased third-party reporting has given increased visibility and coverage of corporate activities.
- The bar for full disclosure appears to have been raised, moving potential customers from a "consumer beware" attitude to an expectation that they will be fully informed regarding practices, including product content, sources of raw materials, and manufacturing processes.

Typical socially responsible business practices include: designing facilities to meet or exceed environmental and safety recommendations and guidelines; developing process improvements; discontinuing product offerings that are considered harmful but not illegal; selecting suppliers based on their willingness to adopt or maintain sustainable

environmental practices, and supporting and rewarding their efforts; choosing manufacturing and packaging materials that are the most environmentally friendly; providing full disclosure of product materials and their origins and potential hazards; developing programs to support employee well-being; measuring, tracking, and reporting of accountable goals and actions, including the bad news, as well as the good; establishing guidelines for marketing to children to ensure responsible communications and appropriate distribution channels; providing increased access for disabled populations using technology; protecting privacy of consumer information; making decisions regarding plant, outsourcing, and retail locations, recognizing the economic impact of these decisions on communities.

Industries that most often participate in incorporating responsible business practices are those in the manufacturing, technology, and agricultural industry categories, where more decisions are made regarding supply chains, raw material, operational procedures, and employee safety.

Financial benefits of this initiative have been associated with decreased operating costs, monetary incentives from regulatory agencies, and increased employee productivity and retention. Marketing benefits are numerous as well, with the potential for increasing community goodwill, creating brand preference, building brand positioning, improving product quality, and increasing corporate respect. And, as with other social initiatives, these activities also provide opportunities to build relationships with external partners such as regulatory agencies, suppliers, and nonprofit organizations.

When managers adopt socially responsible practices, they need to know that people will be skeptical of the corporation's motives. They will look for actions that back up words and

fulfill promises. They will want to know if this is a long-term commitment or a short term campaign. They will have questions about whether and how the new practices will make a real difference. They will want to know what you used to do. They will be waiting to hear the results of your efforts.

Hohnen (2007) emphasizes the fact that the business case for CSR will differ from firm to firm, depending on a number of factors. These include the firm's size, products, activities, location, suppliers, leadership and reputation (i.e., of the sector in which the firm operates). Another factor is the approach a firm takes to CSR, which can vary from being strategic and incremental on certain issues to becoming a mission-oriented CSR leader. The business case for CSR also revolves around the fact that firms that fail to engage parties affected by their activities can jeopardize their ability to create wealth for themselves and society, and increase the risk of legal or other responses. CSR is essentially a strategic approach for firms to take to anticipate and address issues associated with their interactions with others and, through those interactions, succeed in their business endeavors.

2.4 Levels of Commitment

Sims(2003) talks about Sethi's Three-Stage Schema: Types and Levels of Social Commitment

<i>Social Obligation - Low</i>	<i>Social Responsibility</i>	<i>Responsiveness- High</i>
Reactive	Prescriptive	Proactive
Proscriptive*	Does more than required by law	Anticipates and prevents problems
Adheres to legal requirements	Does more than required by economic considerations	Searches for socially responsible acts
Adheres to economic considerations	Avoids public stands on issues	Takes public stands on issues

**Proscriptive* means that the firm reacts when its action is called (or threatened to be called) to the public's attention.

At the lowest level of social commitment; social obligation is corporate behavior in response to market forces or legal constraints.

At an intermediate level of commitment, are organizations that are socially responsible; their managers go beyond merely fulfilling their social obligation. An organization's approach to social responsibility acknowledges the importance of ethical and socially responsible behaviors. Managers voluntarily pursue their social responsibilities.

At the highest level of social commitment are organizations whose managers are socially responsive. Social responsiveness suggests that what is important is "not how corporations should respond to social pressure but what should be their long-run role in a dynamic social system." Here business is expected to be "anticipatory" and "preventive." Managers in socially responsive organizations are proactive (leaders) in their dealing with social issues.

Some firms take an obstructionist approach to social responsibility. Obstructionist managers choose to push the socially responsible envelope as far as they can. These firms often work hard to prevent their behavior from becoming visible.

2.5 Benefits of CSR

Following a CSR strategy, advises Hohnen (2007), helps to ensure that a firm builds, maintains and continually strengthens its identity, its market, and its relationships.

Importantly, it provides the framework for a coherent business strategy based on the issues that it and its stakeholders consider material.

Ronald Bown, President, Chilean Fruit Exporters Association (2006) says: “We believe in CSR because it is a proposition aligned with our values, but also because it makes business sense. Our commercial partners expect from us sound environmental and social practices. We get and understand the message and are actively promoting CSR among associates. We want to be recognized as a responsible industry, adding value to our products.”

The Organization for Economic Co-operation and Development (OECD 2001) argues for CSR stating that investment in environmental controls, community development, worker training and coaching, customer service and responsible citizenship will buy consumer loyalty in years to come. Through grant giving, promoting volunteering, and engaging in cause-related marketing, a company can act as a catalyst for change in communities.

Managing relations with different groups in civil society and clients for voluntary initiatives enhances the image and the reputation of a corporation. Becoming a global leader, says the OECD (2001), increases credibility and trust and the notion of a sound business case is a win-win solution that is socially viable and not just a public relations issue. Companies are embracing the challenge of making a positive impact as much as

possible and should be supported by other sectors of society.

Sims (2003) also discusses CSR's benefits. For him, the assumption of social responsibility balances corporate power with corporate responsibilities. Being voluntary, it also discourages the creation and imposition of government regulations. According to Sims (2003), acts of social responsibility by organizations help correct the social problems (such as air and water pollution) that organizations create. Organizations, as members of society, have a moral obligation to help society deal with its problems and to contribute to its welfare.

In addition, Sims (2003) describes two supporting arguments of CSR: "Business has the resources" and "Let business try." These two views maintain that because business has a reservoir of management talent, functional expertise, and capital and because so many others have tried and failed to solve general social problems, business should be given a chance.

An additional argument is that "proacting is better than reacting." This position holds that "proacting" (acting in a proactive manner, anticipating and initiating) is more practical and less costly than simply reacting to problems once they have developed.

A final argument in favor of CSR is that the public strongly supports it. A 2000 *Business Week*/Harris poll revealed that, with a stunning 95 percent majority, the public believes that companies should not only focus on profits for shareholders but also be responsible to their workers and communities, even if making things better for workers and communities requires companies to sacrifice some profits.

Kotler and Lee (2005) describe many benefits of CSR. They see CSR activities as opportunities for bottom-line benefits, including corporate goodwill. They say today's investors are choosing socially screened investment funds, consumers are boycotting companies that hurt the environment, and employees' desires to work for socially responsible firms have increased.

Kotler and Lee (2005) further argue that CSR *looks good* to potential consumers, investors, financial analysts, business colleagues, in annual reports, in the news, and maybe even in Congress and the courtroom. It *feels good* to employees, current customers, stockholders, and board members. It *does good* for the brand and the bottom line as well as for the community. In fact, they say, corporations with a strong reputation for corporate social responsibility actually *last longer*.

Carly Fiorina, Hewlett-Packard (2003) talks about CSR and its benefits and states:

"cutting-edge innovation and competitive advantage can result from weaving social and environmental considerations into business strategy from the beginning. And in that process, we can help develop the next generation of ideas and markets and employees."

For a better understanding of CSR benefits, Kotler and Lee (2005) categorize them into the following 6 categories:

- Increased Sales and Market Share Surveys conducted by Cone/Roper in 1993/1994 reveal:

- "Eighty-four percent said they have a more positive image of companies that do something to make the world better."
- "Seventy-eight percent of adults said they would be more likely to buy a product associated with a cause they cared about."

- “Sixty-six percent said they would switch brands to support a cause they cared about.”
- “Sixty-two percent said they would switch retail stores to support a cause.”
- “Sixty-four percent believe that cause-related marketing should be a standard part of a company’s activities.”

These attitudes were strengthened after 9/11, as evidenced by the 2001 Cone/Roper Corporate Citizenship Study, which indicated an increased importance for corporate involvement in social issues. In March 2001, an estimated 65 percent of Americans surveyed believed companies should support causes. By November, that number had increased to 79 percent. Corporate citizenship should now become a critical component of business planning as increased support for companies that share their values and take action.”

The 2002 Cone Corporate Citizenship Study reported that 84 percent of Americans said they would be likely to switch brands to one associated with a good cause, if price and quality are similar. Others have similar contentions and present strong evidence that involvement in social causes increases brand preference.

- Strengthened Brand Positioning In their book *Brand Spirit*, Hamish Pringle and Marjorie Thompson contend that consumers are moving towards the top of Maslow’s Hierarchy of Needs and seeking ‘self-realization.’ ‘What does a brand believe in?’ Bloom, Hoeffler, Keller, and Basurto see “marketing initiatives containing a larger amount of social content having a more positive effect on brand judgments and feelings.

By ‘social content’ we mean activities in the marketing initiative that are meant to make tangible improvements to social welfare.

- Improved Corporate Image and Clout Several existing and respected reports cover standards and assessment of performance in the area of corporate social responsibility, including the following:

- The Council on Economic Priorities: *Shopping for a Better World*
- *Fortune* publishes an annual list of “America’s Most Admired Companies,” based on a survey of 10,000 executives and securities analysts conducted by HayGroup.

Social responsibility—defined simply as “responsibility to the community and/or the environment.”

- *Business Ethics* publishes a list of “100 Best Corporate Citizens,” recognizing companies’ corporate social responsibility toward stakeholders, including the environment and the community.
- Other external reports and standards covering corporate social responsibility include the Global Reporting Initiative, the Global Sullivan Principles, Social Accountability 8000, the Caux Round Table, the Interfaith Center on Corporate Responsibility, Sunshine Standards for Corporate Reporting to Stakeholders, and the Keidanren Charter for Good Corporate Behavior.

According to *Business for Social Responsibility*, cited by Kotler and Lee (2005), “companies that demonstrate they are engaging in practices that satisfy and go beyond regulatory compliance requirements are being given less scrutiny and more free rein by both national and local government entities.”

A strong reputation in the community can be a real asset in times of crisis. This positive corporate image may also influence policy makers as well.

Hohnen (2007) adds to Kotler and Lee's (2005) statements by saying that organizations that perform well with regard to CSR can build their reputation. Reputation, or brand equity, is founded on values such as trust, credibility, reliability, quality and consistency. He further states that improved citizen and stakeholder understanding of the firm and its objectives and activities translates into improved stakeholder relations. This, in turn, may evolve into more robust and enduring public, private and civil society alliances (all of which relate closely to CSR reputation). CSR can help build "social capital."

- Increased Ability to Attract, Motivate, and Retain Employees a company's participation in social initiatives can have a positive impact on prospective and current employees, as well as citizens and executives. According to the Conc/Roper March 2001 survey, employees working in companies reported to have cause related programs were 38 percent more likely to say they are proud of their company's values than were employees in companies not reported to have these programs. Even before 9/11, 48 percent of respondents indicated that a company's commitment to causes is important when deciding where to work. After 9/11, that percentage rose to 76.39 And in their 2002 Citizenship Study with a national cross section of 1,040 adults, 80 percent of respondents said they would be likely to refuse to work at a company if they were to find out about negative corporate citizenship practices.

Net Impact found that more than half of the 2,100 MBA students surveyed indicated they would accept a lower salary in order to work for a socially responsible company. Two additional studies conducted by the World Resources Institute and the Initiative for Social Innovation Through Business, also focused on MBAs, reported that these graduates look

for the right corporate culture, as well as the right salary, job description, and opportunities for promotion.

Hohnen (2007) adds that the ability to recruit, develop and retain staff can be the direct result of pride in the company's products and practices, or of introducing improved human resources practices, such as "family-friendly" policies. It can also be the indirect result of programs and activities that improve employee morale and loyalty. Employees are champions of a company for which they are proud to work.

- Decreased Operating Costs Several business functions can cite decreased operating costs and increased revenue from grants and incentives as a result of the implementation of corporate social initiatives. One arena easy to point to, includes companies who adopt environmental initiatives to reduce waste, reuse materials, recycle, and conserve water and electricity. Another area for potential reduced costs is in advertising expenditures, especially as a result of increased free publicity. The Body Shop example: Anita Roddick, its founder, generated so much favorable publicity that the company did not need to advertise: a win-win on the cost-benefit front, leaving aside the "do-gooding."

Hohnen (2007) says enhanced operational efficiencies and cost savings flow in particular from improved efficiencies identified through a systematic approach to management that includes continuous improvement.

- Increased Appeal to Investors and Financial Analysts Some argue that involvement in corporate social initiatives can even increase stock value. They point to the ability to attract new investors and reduce exposure to risk in the event of corporate or management crises:

- In an article appearing in the *Financial Times* in July 2003, Jane Fuller wrote:

“...companies that are less exposed to social, environmental, and ethical risks are more highly valued by the market . . . In other words, investors are already pricing in social, environmental, and ethical factors.”

- Praveen Sinha, Chekitan Dev, and Tania Salas suggest that demand for investments in firms deemed socially responsible can be enhanced.

- Business for Social Responsibility agrees that companies that address ethical, social, and environmental responsibilities have “rapidly growing access to capital that might not otherwise have been available.”

- An often-quoted study by the University of Southwestern Louisiana, “The Effect of Published Reports on Unethical Conduct on Stock Prices,” demonstrated that publicity about unethical corporate behavior lowers stock prices for a minimum of six months.

- According to an article posted by SocialFunds.com in April 2002, the 100 companies making *Business Ethics*’ list of 100 Best Corporate Citizens had a better financial performance than the remaining companies on the S&P 500. *Business Ethics* editor and publisher Marjorie Kelly was quoted as saying, “These top companies perform substantially better than their S&P 500 peers, in strictly financial terms.”

Further benefits of CSR are identified by Hohnen (2007). He says firms can contribute to their own wealth and to overall societal wealth by considering the effect they have on the world at large when making decisions. He argues that building trust with the community

and giving firms an edge in attracting good customers and employees, acting responsibly towards workers and others in society can help build value for firms and their shareholders.

Hohnen (2007) refers to the World Business Council for Sustainable Development, who suggested that countries as well as companies might gain a competitive advantage from corporate social responsibility. In much of the developing world, governments and businesses understand that their respective competitive positions, and access to capital, increasingly depend on being seen to respect the highest global standards. Even companies which may have a good reputation can risk losing their hard-earned name when they fail to put systematic approaches in place to ensure continued positive performance.

After identifying these benefits, Hohnen (2007) suggests the following additional categories of benefits of CSR.

- Better anticipation and management of an ever-expanding spectrum of risk. Effectively managing governance, legal, social, environmental, economic and other risks in an increasingly complex market environment, with greater oversight and stakeholder scrutiny of corporate activities, can improve the security of supply and overall market stability. Considering the interests of parties concerned about a firm's impact is one way of better anticipating and managing risk.

-Improved innovation, competitiveness and market positioning. CSR is as much about seizing opportunity as avoiding risk. Drawing feedback from diverse stakeholders can be a rich source of ideas for new products, processes and markets, resulting in competitive advantages.

- Improved ability to attract and build effective and efficient supply chain relationships. A firm is vulnerable to the weakest link in its supply chain. Like-minded companies can form profitable long-term business relationships by improving standards, and thereby reducing risks.

- Enhanced ability to address change. A company with its “ear to the ground” through regular stakeholder dialogue is in a better position to anticipate and respond to regulatory, economic, social and environmental changes that may occur. Increasingly, firms use CSR as a “radar” to detect evolving trends in the market.

- Access to capital. When making decisions about where to place their money, investors are looking for indicators of effective CSR management. A business plan incorporating a good CSR approach is often seen as a proxy for good management.

- Improved relations with regulators. In a number of jurisdictions, governments have expedited approval processes for firms that have undertaken social and environmental activities beyond those required by regulation.

- A catalyst for responsible consumption. “Responsible consumerism” is not exclusively about changing consumer preferences. It is also about what goods are supplied in the marketplace, their relationship to consumer rights and sustainability issues, and how regulatory authorities mediate the relationship between producers and consumers.

Choosing a Social Issue Challenge is perhaps the greatest in this very first step, as this first decision has the greatest impact on subsequent programs and outcomes. Those making the recommendations will be faced with tough questions, including these:

- How does this support our business goals?
- How big of a social problem is this?
- Isn't the government or someone else handling this?
- What will our stakeholders think of our involvement in this issue?
- Is this something our employees can get excited about?
- Won't this encourage others involved in this cause to approach us (beg us) for funds?
- How do we know this isn't the "cause du jour"?
- Will this cause backfire on us and create a scandal?
- Is this something our competitors are involved in and own already?

2.6 Limitations and Challenges to Doing Good

Kotler and Lee (2005) talk about the challenges that managers and program planners face while making decisions related to choosing a social issue, selecting an initiative to support this issue, developing and implementing program plans, and evaluating outcomes.

Choosing a Social Issue Challenges are perhaps the greatest in this very first step, as this first decision has the greatest impact on subsequent programs and outcomes. Those making the recommendations will be faced with tough questions, including these:

- How does this support our business goals?
- How big of a social problem is this?
- Isn't the government or someone else handling this?
- What will our stockholders think of our involvement in this issue?
- Is this something our employees can get excited about?
- Won't this encourage others involved in this cause to approach us (bug us) for funds?
- How do we know this isn't the "cause du jour"?
- Will this cause backfire on us and create a scandal?
- Is this something our competitors are involved in and own already?

Selecting an Initiative to Address the Issue Once an issue has been chosen, managers will be challenged regarding recommendations on what initiative or initiatives should be selected to support the issue. Again, they will need to be prepared to answer tough questions:

- How can we do this without distracting us from our core business?
- How will this initiative give visibility to this company?
- Do these promotions really work? Who pays attention to them?
- What if we tie our funding commitment to sales and end up writing them a check for only \$100? How will that look?
- What if consumers find out that the amount of the sale that actually goes to the cause is minuscule?
- Have we calculated the productivity cost for giving our employees time off for volunteering?
- Giving visibility, especially shelf space in our stores, for this cause doesn't pencil out. Shouldn't we just write a check or give a grant?

Developing and Implementing Program Plans Key decisions at this point include whether to partner with others and, if so, with whom; determining key strategies, including communications and distribution channels; assigning roles and responsibilities; developing time tables; and determining budget allocations and funding sources. The questions continue, especially around issues of time and money:

- How can we do this when money is needed for increased performance?
- What do we say to stockholders who see this as money that belongs to them?

- Why is our department being asked to fund this?
- Will having partners bog down the decision-making process and therefore take more of our staff time?
- Will we be doing enough good for the cause to justify the expense?
- Isn't this just brand advertising in disguise?
- What is our exit strategy?
- How do we keep from looking hypocritical?

Evaluation Ongoing measurement of marketing activities and financial investments for corporations has a long record, with decades of experience in building sophisticated tracking systems and databases that provide analysis of returns on investments and compare current activities to benchmarks and “gold standards.” By contrast, the science of measuring return on investments in corporate social initiatives is very young.

Kotler and Lee (2005) quote from

- Sinha, Dev, and Salas who report that “Since the benefits related to CSR are not directly measurable, and most firms do not disclose expenses related to such activities, it is difficult to directly assess the return on CSR investment.”
- McDonald’s who reports that even measuring a major event is challenging. “Most of our current goals and measurements are related to processes, systems development, and standard setting. . . . We are 70 percent franchised around the world: Currently, we do not have systems to collect and aggregate what some 5,500 independent owner/operators do for their community, people, and environment at the local level.”
- John Gourville and Kash Rangan who confirm this difficulty: “Rarely do firms fully

assess a cause marketing alliance and its potential impact on both the for-profit and the nonprofit entities. Yes, there are several stunning success stories . . . but most for-profit businesses would be hard-pressed to document the long-term business impact of their cause marketing campaigns and most nonprofits would have trouble pinpointing the value they bring to the partnership.”

And yet, as Bloom, Hoeffler, Keller, and Basurto conclude, “showing that the program was a more financially productive promotional tool than other possible promotional tools is becoming increasingly necessary.”

In his Implementation Guide, Hohnen (2007) highlights some common mistakes in CSR that the Dutch-based Anders & Winst Company lists:

- **Lack of vision:** Instead of asking “where are we now?” think about asking “where do we want to be in 10 years?”;
- **Scale of change:** Some of the biggest business and sustainability opportunities will not be achieved by “bolt-on” approaches. Firms should remain open to radically new approaches and major change;
- **Sub-strategic management:** CSR managed at a staff level may fail to address key issues such as new business opportunities and the structure of incentives systems;
- **Risk/opportunity roles:** By bundling these two issues together, companies can fail to optimize the opportunities that a separate approach might offer;
- **Selective hearing:** Most organizations do not like criticism, and tend to listen to some stakeholders more than others. It is necessary to engage in what some academics have described as “deep listening;”

- ***Maintaining old structures:*** Understanding and responding to the demands and opportunities of the future will not always be possible within old management structures;
- ***“One World” approaches:*** Real differences exist across a firm’s activities, supply chains and customers. While common approaches for multinational firms have many advantages, they can disguise innovations and opportunities that might be possible at the local level;
- ***Uneven approach:*** Some firms have good policies in one sector or country, which are not being best used in other sectors and regions. This can also give the impression that CSR programs are image-driven;
- ***Non-participative management:*** “Top-down” CSR processes do not harness the skills and potential of employees. Creation of networks of “change champions” may offer better engagement and results; and
- ***Failure to see CSR as innovation:*** Good CSR involves continuous innovation that links CSR to the firm’s business model. It can use CSR to identify new technologies, markets and approaches.

The OECD (2001) says, the real challenge for a corporation is to adhere to socially responsible strategies, while at the same time upholding their commitments to shareholders and maintaining turnover.

Sims (2003) also identifies some arguments against CSR:

- The costs of socially responsible behavior are often passed along in the form of lower dividends to stockholders, lower wages for employees or higher prices for consumers.
- The costs of socially responsible behavior lower a corporation's operating efficiency and thus weaken its ability to offer goods and services at the lowest possible competitive cost.

- Accepting social responsibility sends mixed signals about an organization's goals to both organization and community members. Organization members may have difficulty meeting goals if they do not know whether their primary mission is to make a profit or to act responsibly. Community members may develop unrealistic expectations that the organization is unable to fulfill.
- By assuming social responsibilities, corporations would become even more powerful, and many already exercise too much power over society.
- Business people are trained in such areas as marketing, finance, and manufacturing, not in how to deal with social problems.
- One other argument is that by encouraging business to assume social responsibilities we might be placing it in a deleterious position in terms of the international balance of payments. One consequence of being socially responsible is that business must internalize costs that it formerly passed on to society. The increase in the costs of products caused by including social considerations in the price structure would necessitate raising the prices of products, making them less competitive in international markets.

3. THE RESEARCH

3.1 The Research Objective and Approach

Since CSR is still a newly explored field in the world and a novice idea in Lebanon, qualitative research will qualify as an appropriate tool to study this subject. Furthermore, CSR is considered a private, sensitive issue by many corporate figures; thus, running quantitative research would hinder the ability of the researcher to further probe on the concepts of CSR.

My objective was not to reach conclusive results; it was to explore a previously untapped subject and help set a list of hypotheses or questions for further research. One of the objectives of this project is to achieve a deep understanding of how Lebanese company representatives think about CSR; therefore, it was opted that in-depth interviewing, a method of qualitative research, is the method to be used. Since, one of the advantages of in-depth interviewing is the ability to probe the ideas and opinions of my interviewees. To be able to include the major components of CSR in my interviews and yet to have the freedom to move the conversation in other directions of interest, I chose to administer semi-structured individual interviews.

Thus, since qualitative research is a field of inquiry that crosscuts disciplines and subject matters, I chose it as my research approach. In fact, qualitative researchers aim to gather an in-depth understanding of human behavior and the reasons that govern human behavior. Qualitative research investigates the why and how of decision making, not just what, where, and when. One of the major reasons for doing qualitative research is to

become more experienced with a phenomenon of interest. In this case, we use qualitative research as the basis for direct experience. Qualitative research certainly excels at generating information that is very detailed. The data are more "raw". Consequently, you need to be prepared to organize all of that raw detail. Even generalizing across a sample of interviews or written documents becomes a complex endeavor.

The detail in most qualitative research is both a blessing and a curse. On the positive side, it enables you to describe the phenomena of interest in great detail, in the original language of the research participants and thus, generate rich descriptions of the phenomena. On the negative side, when you have that kind of detail, it's hard to determine what the generalizable themes may be. (<http://www.socialresearchmethods.net>)

Qualitative research has special value for investigating complex and sensitive issues. Qualitative researchers typically rely on four methods for gathering information: (1) participation in the setting, (2) direct observation, (3) in depth interviews, and (4) analysis of documents and materials.

3.2 Instrument of Research

While preparing the literature review, I came across many concepts of CSR that I wanted to examine in the Lebanese business sector. In order to do this, I held face to face interviews with a few Lebanese-based and Lebanese owned companies.

I prepared my questionnaire by referring to the following important concepts which I identified. The first part of my questionnaire focused on the main components of defining CSR. In the literature, CSR is defined as a tool used by companies to integrate social, environmental and economic concerns into their mission, values, culture, decision making, strategy and operations. It helps establish better practices within the firm, create wealth, and improve society. It is a voluntary commitment to improve community well-being through discretionary business practices and contributions of corporate resources. It is also a commitment to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life.

CSR is best expressed by operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business. It preaches a shift to making long-term commitments to specific social issues and initiatives.

CSR is the overall relationship between the corporation and its stakeholders and the responsibility that the firm has to these stakeholders.

CSR is a central management concern and the success of CSR activities is evidence of good management. In fact, companies have to align their business goals with

social and cultural ones, report corporate responsibility to provide transparency on business practices, and enter commitments to CSR in the mainstream of corporate dialogue as a must-do.

Companies are better off being proactive rather than reactive in supporting community activities, encouraging employees to participate in community activities, handling health and safety aspects of their operations, accepting responsibility for overcoming environmental pollution, and exhibiting high ethical standards. Being proactive is also evidence of a management that truly cares about its business and its society; therefore it is evidence of community citizenship.

The second part focused on determining the Lebanese companies' progress in terms of adaptation and implementation of CSR. In the past, the trend was "doing good to look good", thus senior management and board of directors' members decided upon corporate social initiatives by choosing the easiest possible way of doing good; simply writing a check. Today however, companies adopt a strategic approach to CSR; "doing well and doing good."

Today's companies choose initiatives based on their fit with corporate values; the extent to which they support business goals; how they relate to core products and core markets; how they provide opportunities to meet marketing objectives; their potential for positive support in times of corporate crises.

Today's companies have a common objective from engaging in CSR activities and that is to improve the quality of life internally (within the company) and externally (the community that they are located in).

The third part of my questionnaire referred to the CS initiatives identified in the

literature, with the purpose of identifying the activities which each interviewed Lebanese company is involved in.

Most companies demonstrate a compliance with CSR through participating in one of the following distinct corporate social initiative categories: cause promotions, cause-related marketing, corporate social marketing, corporate philanthropy, community volunteering, and socially responsible business practices.

The fourth part of my questionnaire measured the extent to which the Lebanese companies are involved in CSR. The involvement of corporations in these initiatives, and their adoption of different practices, categorizes them in the different levels of social commitment. This involvement shows whether a firm sees CSR as only a social obligation; or as ethical and socially responsible behaviors; whether a firm is voluntarily engaging in CSR activities; whether it is socially responsive and takes anticipatory and preventive actions; or whether it is an obstructionist and pushes CSR as far as possible.

In the fifth part of my questionnaire, I tackled the benefits of CSR. I wanted to find out which benefits of the ones identified in literature were the Lebanese companies experiencing. The benefits of CSR are many and they improve a company's chances of a sustainable long-term growth. The most important of these benefits are:

- An increase of sales and market share;
- A strengthened brand positioning;
- An improved corporate image;
- An increased ability to attract, motivate, and retain competent employees;
- A decrease of operating costs;

- An increased appeal to investors and financial analysts;
- A better anticipation and management of risk;
- An improvement of innovation and competitiveness;
- An ability to attract and build effective supply chain relationships;
- The ability to address change;
- Improved relations with regulators;
- CSR can serve as a catalyst for responsible consumption by consumers.

The sixth part of the questionnaire has the same purpose as the previous part, only this time it identifies the limitations to implementing CSR. In fact, besides recognizing the benefits of CSR, companies should also focus on the challenges and limitations of CSR activities. Major challenges that companies face are exhibited when choosing a social issue; when selecting an initiative to address the issue; when developing and implementing program plans; and when evaluating efforts and practices.

Managers must also be careful not to lose sight of the long-term vision of the company; they must adopt an effective manner to address change through efficient sub-management; they must evaluate the risk involved in order to optimize the opportunities that come up; they must recognize the real differences that exist across a multinational firm's processes; and they must communicate CSR as a continuous innovation to adopt.

The seventh and final part of my questionnaire seeks to summarize the value of CSR according to each interviewee. This will help me gain insight into different aspects of CSR and even perhaps identify new areas of interest that CSR offers.

3.3 Sample selection

Since the research approach is qualitative with in-depth interviewing; and, since the purpose is to explore rather than conclude, the best sampling technique was the use of judgmental sampling where managers from different industries such as manufacturing, service and merchandising were chosen.

The interviewees who were approached were mostly top managers with some being mid-level. This choice of managers was based on the theoretical view that if top management adopted the concept of CSR, then this will be reflected throughout the whole company.

Around ten managers from different Lebanese (i.e based in- Lebanon) companies were contacted, only seven agreed to be interviewed.

4. Data Analysis and Conclusion

4.1 Analysis

In the write-up of my analysis, I named the companies by alphabetical letters. Thus, the first manufacturing company is named “Company A”; the second manufacturing company is “Company B”; the bank is “Company C”; the third manufacturing company is “Company D”; the university is “Company E”; the service company is “Company F”; and the medical equipment company is “Company G”.

PART 1

As stated in the earlier chapter, the purpose was to explore how managers define CSR and compare their definition to the ones offered by the literature.

Most managers, when asked about the different definition components of CSR, were able to identify themselves with four major concepts out of six that were mentioned in literature.

The first concept is that CSR must be incorporated in their values, culture, decision-making, strategy, and operations. These managers see this as a way to involve employees in the process of application. Plus, they see that by projecting CSR in their values and culture, they indirectly advertise themselves as good corporate citizens. These companies say it is not the image only that is important, but the culture that exists within the company that creates the outer image. These companies encourage all entities that constitute the Lebanese society to incorporate CSR in their values.

The second concept is that these managers see CSR as a voluntary commitment.

In fact, they prefer it not to be required by law, because sometimes it can become troublesome when employees refuse to abide by law. Instead, these companies would rather encourage employees to volunteer in CSR activities and go beyond ethics to identify the corruption. They say that implementing CSR on a voluntary basis makes it more likely to be promoted by employees. When CSR is a voluntary long-term commitment, the real impact of internal processes reflects on the external environment.

The third concept identifies CSR as a tool that impacts the quality of life within and outside the firm. Most say CSR positively impacts individuals' lives and encourages the humane feeling. These companies say CSR not only reaches employees, it further touches the lives of families and friends of these employees. It creates a sense of security and belongingness. It also impacts the culture of the society as a whole.

The fourth concept focuses on the fact that CSR is a management concern and requires managerial skills. They say it is the management's job to inspire CSR to the employees. Although the process is mostly bottom to top (coming from employees); it takes time to implement it if management does not encourage and/or plan the process correctly. They say, managers must accept CSR as a part of their jobs and even find the pleasure in implementing it. Managers must prepare a plan of action, budget requirements and enroll in the strategy. They must take an active role in reviewing the processes. Furthermore, they must ensure that the evaluation is on an ongoing basis. These companies agree that it requires skill to find the right person for the right project or decision. In CSR, people involved must be able and willing to give and take.

The remaining two concepts that were identified in the literature but only by few of the managers interviewed were: first, that employee involvement leads to approval of the project and produces an easy-going strategic process. Employee involvement opens transparent relationship with top management. This facilitates success and leads to realistic and measurable outcomes. It creates a culture of support. These companies find that some controlled level of employee involvement gives motivation and shows confidence in the employees. Second, that CSR is the company's responsibility towards the stakeholders. They say CSR creates respect and trust in the relationship with the stakeholders, which is an asset, especially in the service sector. These companies say that a strong relationship with customers, society and the community, facilitates their jobs in the commercial aspect of their objectives.

When it comes to the definition of CSR, all companies that fall under different industry umbrellas are able to identify the four major components of definitions mentioned in the literature. However, there is noticeable difference in industry views with the remaining two components.

In fact, I noticed that only the service and merchandising companies have identified these components and none of the manufacturing companies have mentioned it. Furthermore, only one of the service companies and the merchandising company identified both concepts. The other two service companies identified only one of the two concepts and that is the one related to involving employees in the implementation process as a definition component.

After analyzing how each manager defines CSR, two questions were asking.

First, does the extent of CSR awareness by the interviewed managers correlate with that of their employees?

Second, is the organizational structure of the company responsible for the failure of managers to identify all the various components of CSR?

These two research questions could be tested in order to reach conclusive evidence of the involvement of employees in CSR.

PART 2

Part two of my questionnaire attempts to discover the CSR evolution stage that the interviewed Lebanese companies are in. Are they still following the old approach of CSR which states that companies “do good” only to “look good”?, or, are they keeping up with the new trend of CSR and are seeking to do well and “do good” at the same time.

As a result of the interviews, I have found that the majority of the managers employ the new approach of CSR and strive to do well and “do good” at the same time. Their aim is to make CSR a strategic issue and work to improve the quality of life of their stakeholders.

When I compared industries, I again noticed that industries agree in opinion or hold the same stand, when it comes to following the new school of thought of CSR. One might argue that the answer to this question is classified as a “socially acceptable” answer. However, if one relates the results of this question to their attitude while being interviewed and to their definitions of CSR, one cannot but conclude that these managers are trying to follow the new school of thought.

After analyzing this part, a new research question is posed; does this finding (of different industries following the new CSR approach) reflect the complete image of the different industries in Lebanon or does it reflect only the stand of the few companies interviewed?

PART 3

Part three discusses the different CSR initiatives and identifies the ones the Lebanese companies employ.

The literature talks about six different initiatives which companies can be active in. However, the interviewed Lebanese companies show major activity in only two of the six initiatives. These two initiatives are: corporate philanthropy, whereby the company participates in CSR through a direct contribution to a charity or a cause; and, socially responsible business practices, where the company adopts and conducts discretionary business practices and investments that support social causes to improve community well-being and protect the environment.

These companies represent the different industries as well. What differentiates the companies and the industries from each other is the specific activity practiced. For instance, when we talk about socially responsible business practices, we notice that different companies have different types of activities. Although they all fall under the same umbrella of this initiative, their activities differ; in the manufacturing industry, two companies mention two different types of activities; the first company talks about an activity that supports community well-being; this activity is named FACT (fraternal action in crisis time), it is a fund set to reach the community in times of crises. The second

company talks about an activity that protects the environment; this activity is recycling. The company encourages recycling within the community and practices it within the company.

Note that in the case of corporate philanthropy the tool is the same and therefore the type of activity is one. That is, companies donate a certain amount through direct contribution to a charity or cause.

The argument the managers offered for not practicing other CSR initiatives was the lack of the necessary resources or the lack of relation to their core business.

Thus, after analyzing all the givens, two research questions are suggested:

- 1) Is there a difference in the practice of corporate social responsibility among different industries?
- 2) Is the difference of activities related to the type of business or to the availability of resources?

PART 4

Part four seeks to position the companies interviewed in the different levels of commitment to CSR that are identified in the literature.

All of the companies are in the intermediate level of commitment to CSR, where managers go beyond merely fulfilling their social obligations and acknowledge the importance of ethical and socially responsible behaviors.

Only two service companies and the merchandising company go beyond the intermediate level and select a high level of commitment and taking a responsive, more

proactive approach. Here managers are expected to be "anticipatory" and "preventive" leaders in their dealing with social issues.

The question that one can formulate is: For companies which are considered to be at the intermediate level or even high level of commitment to CSR, one could investigate whether this is due to an innate awareness and consciousness of CSR, is it a tool for gaining a competitive advantage, or is it meant to comply with the community?

PARTS 5 and 6

Parts five and six taken together show that the in-depth understanding of the Lebanese managers and of the benefits and limitations of CSR, is framed by their jobs and experiences. This is probably due to the fact that CSR is a newly adopted concept and therefore its long-term benefits and limitations are not obvious yet; otherwise, the claim that managers are making CSR a strategic issue is to be doubted; i.e. it is not really being implemented.

In fact, the benefits expressed by most managers are the following: CSR builds a solid image which lasts for a long time; it improves the relationship with customers, suppliers and the community at large; it can help companies to determine the needs, wants, behaviors and complaints of their stakeholders and to act upon them. Additionally, it strengthens the trust and confidence in these relationships.

Moreover, CSR involvement can be a source of acknowledgement to companies. It awards their efforts, thus, creating a better outer image. Plus, by promoting themselves as CSR activists, companies reduce advertising costs because they have word of mouth advertising.

Furthermore, companies highlight the importance of the fulfillment side of CSR, which they obtain by getting involved in meaningful, sensitive, worthwhile activities that are required by CSR.

CSR provides an opportunity for employees to grow, this makes them loyal to the company and devoted to their jobs.

The different challenges that companies mentioned when engaging in CSR were:

Human behavior is a challenge in the application of CSR, because it requires change and people are not open to change. Additionally, diversity is an issue in addressing CSR activities, since the mindset of each employee, groups of employees, or outside entities is different.

Honesty is an important limitation in Lebanon because many “fake” or “shell” organizations exist.

The Political situation in Lebanon is causing trouble to the companies in selecting the type of CSR project that they should engage in. Overall, it is difficult to prove fairness of the choice to the constituencies and it is becoming more difficult because their choice may identify them with different political directions; which is not necessarily something they would feel secure about having. Choosing a project and encouraging the staff is very time consuming.

It is also becoming very costly for companies to allocate current resources to a certain CSR project knowing that there will not be a tangible and quick return on this investment. This will make it difficult to convince financial managers or institutions to fund such projects.

Note that when comparing within industries, we see very scattered answers when it comes to benefits and limitations of CSR.

In fact, many of the companies interviewed identified only part of the benefits of CSR that were discussed in the literature review. The most common are: strengthened brand positioning, improved image, competitive advantage and building relationships (with employees, suppliers, community...). The benefits that were not identified by the companies are: increased market share, attracting and retaining employees, better risk management. This is due perhaps to the fact that the majority of the companies interviewed, although involved, are still on a limited level of involvement in CSR and that is why they are not experiencing all the benefits of CSR.

The common challenges which were identified are: costs, risks involved (trust issues, return...), and diversity of markets. The additional challenges identified in the literature review are: choosing a social issue, selecting the right initiative, developing and implementing plans. Again, the reason why companies did not or could not identify these limitations is probably because they are not actively involved in selecting a CSR project; instead, they just engage in this type of activities upon their availability, or upon demand from the surrounding community. Furthermore, many companies are active in CSR, but without realizing that the projects they carry out could be identified as CSR activities.

Thus, the research questions suggested are: Could these Lebanese companies with their current understanding of CSR be able to expand their activities internationally and compete with international competitors who are better at implementing CSR?

What role would CSR play as a strategic component of their expansion plan?

PART 7

Finally, the seventh part was for the managers to summarize the value of CSR. Here are some of their thoughts.

Company A said that the value of CSR lies in two things; the first is the ultimate personal pleasure one gets when seeing a smile on the other's face; the second, is the improvement of the company's internal welfare, which is based on a culture where employees trust management or the owner and thus create better relationships.

Company B sees the value in the importance of CSR in improving the quality of life for employees and building better relationships with them.

Company C says CSR has a humanitarian value and it is an essential survival tool of the community and the company in the long run.

Company D adds to the other thoughts the value of respect and environmental protection that CSR creates.

Company E highlights the value of CSR in the history of an organization or a company where values accumulated through experience and maturity distinguish it from other organizations or companies.

Company F identifies two levels of value: personal and corporate; and says that both contribute to change in the community and help people make a difference in the society they exist in by thinking forward and creating a sense of responsibility.

Company G says everything starts and ends with CSR and everything in between is CSR. It emphasizes that without CSR a company is doomed to fail; maybe not in the short-run, but definitely in the long-run.

As we notice, the values identified were not common. However, put together, they will give a complete picture of what CSR should be. The puzzle is not complete at any single firm. Lebanese firms might have to communicate, cooperate and share the values of CSR to create a better place for them and the society they are functioning in.

4.2 Conclusion

The conclusion of my research is based on the responses of the companies that I got the chance to interview. Thus, if we were to check the understanding and practice of CSR of these companies on the AIDA (awareness, interest, desire, action) model of marketing, we can see that in general managers in the Lebanese firms might be at the awareness or even interest stage; however, they are lagging behind in the desire and action. Their argument of this situation is the lack of resources and the society's responsiveness to this type of concepts and activities.

We can notice that when it comes to generalities of definitions and initiatives, these managers are very enthusiastic and have an almost common understanding of CSR. Yet, when it comes to diversity of practice and deeper understanding of benefits and limitations, the interpretation of the Lebanese managers becomes limited to their job-orientation and business relatedness. In fact, their elaborations are far from showing an in-depth understanding of CSR.

Therefore, further research about the subject of CSR through quantitative analysis will provide researchers with a more realistic and a more conclusive outlook on the extent to which theories identified in the literature are practiced in the Lebanese business sector.

Furthermore, quantitative research would help by gathering a larger sample of companies from different industries and comparing results or answers to come up with a complete analysis of the understanding and practice of CSR in Lebanon.

The questions that are posed throughout the analysis that are recommended for further research are the following:

- 1) Does the extent of CSR awareness by the interviewed managers correlate with that of their employees?
- 2) Is the organizational structure of the company responsible for the failure of managers to identify all the various components of CSR?
- 3) Does this finding that different industries following the new CSR approach, reflect the complete image of the different industries in Lebanon or does it reflect only the stand of the few companies interviewed?
- 4) Is there a difference in the practice of corporate social responsibility among different industries?
- 5) Is the difference of activities related to the type of business or to the availability of resources?
- 6) For companies which are considered to be at the intermediate level or even high level of commitment to CSR, one could investigate whether this is due to an innate awareness and consciousness of CSR, is it a tool for gaining a competitive advantage, or is it meant to

comply with the community?

7) Could these Lebanese companies with their current understanding of CSR be able to expand their activities internationally and compete with international competitors who are better at implementing CSR?

8) What role would CSR play as a strategic component of their expansion plan?

By analyzing each question using quantitative analysis, one can complete the puzzle of the image of CSR in the Lebanese community.

4.3 Limitations of the study and Recommendations for further study

Limitations of the study were:

The political situation in Lebanon: the instability created by the political situation had probably discouraged companies from having a more positive attitude and participating in my field research, besides making others unavailable and less accessible.

Lack of knowledge: another major limitation was the lack of/ limited level of knowledge that the Lebanese companies had about the subject, which created a major barrier to communication between me and them when discussing CSR issues.

The sensitivity issue: this limitation was due to the fact that CSR was a sensitive issue and my interviewees were either unwilling or were uncomfortable to openly discuss it.

These three limitations prevented me from holding as many interviews as needed. They also represent the reason why in some cases the response rate of the interviewees was low.

Other limitations were:

Time constraint: the time constraint, both mine and others, hindered my ability to contact other companies.

Sample size: though my research is qualitative, the small sample size that I ended up with prevented me from coming up with more hypotheses.

Different positions: another limitation was the fact that because my interviewees held different positions, their responses reflected their specific, individual role-related points of view.

Interviewer bias: the interviewer, though well trained, might have unintentionally guided the questions to a socially acceptable answer.

Since we have seen how important CSR has become nowadays, I hope the following: that CSR gains momentum and becomes a part of the high school as well as the university curricula, including the teaching of the implementation process, with the purpose of preparing a new future workforce that enjoys a strong background about CSR; educate employees more about the subject; make it more formal, incorporate CSR into the mission and vision of the company; reward or appreciate efforts through recognition; create organizations that monitor the change created through CSR; and finally, create forums of discussion and cooperation for CSR. These can give an additional incentive to companies to engage in CSR activities.

BIBLIOGRAPHY

Books

- Philip Kotler and Nancy Lee (2005). Corporate Social Responsibility. Hoboken, New Jersey: John Wiley and Sons, Inc.
- Ronald R. Sims (2003). Ethics and Corporate Social Responsibility – Why Giants Fall. Westport: Praeger Publishers.
- OECD (Organization for Economic Cooperation and Development (2001). Corporate Social Responsibility – Partners for Progress.
- Paul Hohnen (2007). Corporate Social Responsibility – An Implementation Guide for Business. Canada: International Institute for Sustainable Development.

Online Documents

- Web Center for Social Research Methods.
<http://www.socialresearchmethods.net>

APPENDIX A

QUESTIONNAIRE

1) What is CSR? How do you define it?

Do you think CSR activities should be integrated in your values, culture, decision making, strategy and operations?

Do you see CSR as a voluntary long-term commitment? Choosing to go beyond the ethics and law?

Do you think CSR will improve quality of life within and outside your firm?

Do you think involving employees and holding brainstorming sessions helps the implementation of CSR activities?

Do you see CSR as your responsibility towards your stakeholders?

Do you think CSR is a management concern? What sort of managerial skills do you think it requires? (Weigh costs/benefits; manage risk; plan; implement; coordinate; evaluate; set objectives and goals; enter CSR commitments into mission and culture.)

- 2) Of these 2 statements which describes you best:
- a) Doing good to look good; do good as easily as possible; simply write a check.
 - b) Doing well and doing good; make CSR a strategic issue; work to improve quality of life.

- 3) Which of these corporate social initiatives describes your activities best?
- a) Cause Promotion: build awareness and concern about a cause through funds, in-kind contributions or other corporate resources.

 - b) Cause Related Marketing: making a contribution or donating a percentage of revenues to a specific cause.

 - c) Corporate Social Marketing: the corporation supports the development and/or implementation of a behavior change campaign (to improve public health; safety; the environment; community well-being)

 - d) Corporate Philanthropy: a direct contribution by a corporation to a charity or cause (cash grants; donations or in-kind services)

- e) Community Volunteering: employees, retail partners, and franchise members are encouraged to volunteer their time (expertise, talents, ideas, physical labor) to support local community organizations and causes.
-
-
-

- f) Socially Responsible Business Practices: the corporation adapts and conducts discretionary business practices and investments that support social causes to improve community well-being and protect the environment. (design facilities to meet safety recommendations; develop process improvements; discontinue production of harmful products; choosing environment friendly materials...)
-
-
-

4) Do you engage in CSR activities:

- a) Do you push them as far as possible to prevent knowledge of their behavior.
- b) In response to market forces or legal constraints
- c) Because ethical and socially responsible behaviors are important for the company.
- d) In an anticipatory and preventive way; being socially responsive is having a long-term role in a dynamic social system.

5) What benefits do you expect to get from CSR?

(increased sales and market share; strengthened brand positioning; improved image; attract, motivate, retain employees; decreased operating costs; better risk management; competitive advantage; build supply chain relationships; ability to address change; access to capital; improved relations with regulators; responsible consumption)

6) What limitations or challenges does engaging in CSR present?

(choosing a social issue; selecting the right initiative; developing and implementing plans; evaluation; costs; risks involved; diversity and differences of markets)

7) If you were to summarize the value of CSR in one or two sentences how would you state it?
