We are IntechOpen, the world’s leading publisher of Open Access books
Built by scientists, for scientists

4,300
Open access books available

116,000
International authors and editors

130M
Downloads

154
Countries delivered to

TOP 1%
Our authors are among the most cited scientists

12.2%
Contributors from top 500 universities

WEB OF SCIENCE™
Selection of our books indexed in the Book Citation Index in Web of Science™ Core Collection (BKCI)

Interested in publishing with us?
Contact book.department@intechopen.com

Numbers displayed above are based on latest data collected.
For more information visit www.intechopen.com
Adaptations of CSR in the Context of Globalization the Case of the GCC

Dima Jamali and Walaa El Safadi
Additional information is available at the end of the chapter

Abstract

Globalization plays a significant role in driving the evolution of the CSR discourse and practice across developed and developing countries. The differential development of CSR across contexts is pervasive but undeniably relates to internationalization, modernization, and the globalization process. In this chapter, we look specifically at how globalization plays an important role in shaping CSR conceptions and practices in developing countries and how there is invariably an important counterpart process of indigenous translation and adaptation in context. The nuanced connotations and practices of CSR in a Middle Eastern region, namely the Gulf Cooperation Council (GCC), are analyzed closely to draw conclusions on the implications of globalization in terms of shaping key logics for CSR in non-western contexts. A qualitative inductive approach to content analysis is used where published articles on CSR perceptions, practices, and connotations in the six GCC countries are analyzed thoroughly. Statements regarding global forces of international best practices and their diffusion into local contexts, the translated western-centric CSR logics in the context of local political and socio-economic realities are extracted to form conclusions in relation to the adaptation of CSR in the global business environment of the GCC.

Keywords: corporate social responsibility, globalization, logics, Middle East, GCC

1. Introduction

Corporate social responsibility (CSR) has been gaining heightened global interest and has become a key term in global economy discourse. The attention attributed to CSR escalated through globalization forces and increased international trade. It is an umbrella term encompassing multiple concepts regarding the role and impact of business on society. At its core,
the concept assumes a firm to be a social agent and part of a global setting where managerial
decisions and actions create impacts and form relationships with society, economy and the
environment. Due to the increased complexity of national systems and societies, governments
are falling short on their roles in providing adequate attention to citizens’ needs, living stan-
dards, and local developmental challenges. Therefore, the private sector is expected to take
part and contribute to society on many fronts. This is also driven by increased public pressure,
media criticism about corporate externalities, global competition, and the role of states [1].

CSR is an important differentiator in the current global business arena as companies are ada-
mant about communicating their CSR contributions to gain legitimacy, enhanced brand image
in the pursuit of higher financial performance and long-term profits. The global trend is there-
fore calling for firms to go beyond ‘business as usual’ and assimilate local and global societal
and environmental challenges. The World Business Council for Sustainable Development
(WBSCD) provides a definition of the concept as the integration of environmental and social
values into core organizational processes and with stakeholder interactions for the purpose
of sustainable economic development [2]. Other conceptual definitions of CSR outline a social
responsibility pyramid with four paradigms of application spanning economic, legal, ethical
and philanthropic patterns [3]. It is economic if companies pursue CSR for higher profits or
to save brand image from public criticism. The legal paradigm constitutes following policies
and regulations by taking managerial action to avoid legal issues. Ethical decision-making
involves long-term planning for responsible behavior for its integration with all aspects of
operations and stakeholder interaction. Philanthropic CSR is when companies provide a
financial contribution for meaningful causes to address societal and environmental issues.
It becomes clear that CSR is more than merely philanthropic; it involves a restructuring of
managerial perspectives on the relationship of the business with its surroundings.

The practice of CSR started in highly developed nations, such as in USA and Europe, where
corporations were responding to the increased public criticism and media pressure to avoid
bad corporate image or legal lawsuits regarding harmful practices to society and the environ-
ment. As it caught traction in western contexts, and with globalization, the concept spread
through multinational corporations (MNCs), their subsidiaries and international standardiza-
tion, leading to the salience of global best practices of CSR and the importance accorded to
environment in other parts of the world, including the Middle East [4]. Consequently, the
CSR concept diffused from West to East, carrying western values, connotations, and practices
that form its basic understanding. This is referred to as “western assumptive logics”, as is
evident in mainstream business literature and the theoretical inferences made by CSR studies.
Research on CSR in non-western contexts has asserted its divergence in different political,
cultural and socioeconomic settings [5]. Therefore, as western assumptive CSR logics spread,
they get diffused and altered according to every unique national context. Each country has a
set of institutional variables that define its collective political and cultural values, beliefs and
practices. In light of each constellation of particular institutional order logics, CSR is invari-
ably translated for local applicability.

In western contexts, CSR is organized based on coherent systems of governance and national
business systems that form western institutional realities and have implications for the way
CSR is understood and practiced [6]. In such contexts, CSR is increasingly entrenched by corporate strategies and institutional particularities. On the other hand, less developed nations have vastly heterogeneous institutional order logics that interfere with the way CSR is translated for local practice. For instance, research on CSR in developing contexts has outlined the different cultural and religious motivations to pursue CSR in the form of voluntary philanthropic contributions to local communities [4]. CSR logics in non-western contexts are therefore dependent on the merger of western assumptive logics of CSR with local socio-economic, historical, cultural and political realities. These realities form the particular institutional order logics of a country; as highlighted in Figure 1, they include state, religion, market, corporate, family, and profession institutions. Each institutional order logics and their specific interactions with western assumptive logics, creates peculiar and unique CSR discourses and practices specific to each nation. For this chapter, the focus is on the main institutional order-CSR logics and how they influence CSR implementation in various contexts. Each country has a set of dominant logics pertaining to each institution which form the collective system of meaning that interacts with western assumptive logics of CSR. The various logics will also interrelate dynamically with each other to create particular expressions in local contexts. This dynamic translation and adaptation process of CSR leads to nuances in the ways it is understood and practiced and thus calls for a nuanced analysis of each local context and its salient institutional order logics at play. Table 1 below outlines the understanding of institutional orders and their functional roles in a particular nation, as outlined by [7].

Figure 1. Diffusion of generalized assumptive CSR logics with institutional logics [6].
This book chapter will focus on a particular context in the Middle East, the Gulf Cooperation Council (GCC). Business activities are embedded in Middle Eastern history as the region has a strategic geographical positioning for trade across three continents. The current Middle Eastern business arena has witnessed a proliferation of CSR practices due to globalization and global sharing of best practices. The translation and adaptation of western assumptive CSR logics was also driven by social media attention, awareness and education in the area of CSR, and greater local demands for accountability and sustainable development \[1\]. Businesses are now accountable not only for their economic performance but also for their social responsibility and corporate citizenship as these concepts become more embedded in mainstream business practices across the region.

### 2. Methodology

The Middle East is a region in South-West Asia containing around 25 nations comprising highly heterogeneous and diverse contexts. It is also referred to as Middle East and North Africa (MENA) region and includes Arab and non-Arab nations. It is divided to multiple sub-regions and these include Mashriq which comprises countries to the East of Egypt, Maghreb which includes countries to the West of Egypt, and the GCC which includes all Arab States on the Persian Gulf except Iraq. GCC is not only a geographical categorization but also an inter-governmental economic and political union between Saudi Arabia, United Arab Emirates (UAE), Bahrain, Oman, Qatar, and Kuwait. The GCC countries have the highest Human Development Index (HDI) in the region and are categorized by the UNDP as very high HDI countries [8]. The six countries of interest have the highest published content on CSR and their key country and economic indicators are outlined below in \textbf{Table 2}.

The Middle East contains diverse nations, each having a unique set of institutional order logics. As previously mentioned, these institutional orders consist of state, market, corporate, religion and family, and each has a particular function. Although some development challenges are shared among countries in the region such as gender equality or worker rights, however other socioeconomic factors remain rather diverse. Therefore, we expect to see in

---

**Table 1. Institutional orders of state, market, corporate, religion, and family [6].**

<table>
<thead>
<tr>
<th>Institutional Order</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>State institutional order refers to the governance structure of a nation where regulations, policies, and decisions are made on a national level.</td>
</tr>
<tr>
<td>Market</td>
<td>Market institutional order constitutes the compartmentalization and pricing of human activity in neo-liberal market economics.</td>
</tr>
<tr>
<td>Corporate</td>
<td>Corporate institutional order forms a hierarchal structure organizing a set of skills and knowledge to be used as a facilitator for neo-liberal market economics.</td>
</tr>
<tr>
<td>Religion</td>
<td>The institutional order of religion forms the dominant moral values, belief systems and world view.</td>
</tr>
<tr>
<td>Family</td>
<td>Family institutional order refers to the relationships formed between family members.</td>
</tr>
</tbody>
</table>

---
Adaptations of CSR in the Context of Globalization: The Case of the GCC

<table>
<thead>
<tr>
<th>Human Development Index (HDI), 2015 [8]</th>
<th>Qatar</th>
<th>Saudi Arabia</th>
<th>UAE</th>
<th>Bahrain</th>
<th>Kuwait</th>
<th>Oman</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (million), 2016 [10]</td>
<td>2.6</td>
<td>32.3</td>
<td>9.3</td>
<td>1.4</td>
<td>4.1</td>
<td>4.4</td>
</tr>
<tr>
<td>GDP per capita (USD), 2016 [10]</td>
<td>59,324</td>
<td>20,029</td>
<td>37,622</td>
<td>22,579</td>
<td>27,359</td>
<td>14,982</td>
</tr>
<tr>
<td>GDP growth (annual %), 2016 [10]</td>
<td>2.2</td>
<td>1.7</td>
<td>3.0</td>
<td>2.9</td>
<td>3.5</td>
<td>2.2</td>
</tr>
<tr>
<td>GDP (PPP) as a share (%) of world total, 2016 [11]</td>
<td>0.28</td>
<td>1.46</td>
<td>0.56</td>
<td>0.06</td>
<td>0.25</td>
<td>0.15</td>
</tr>
<tr>
<td>Global Competitiveness Index (GCI) (Rank 1–7), 2015 [11]</td>
<td>5.1</td>
<td>4.8</td>
<td>5.3</td>
<td>4.5</td>
<td>4.4</td>
<td>4.3</td>
</tr>
<tr>
<td>Subindex A: Basic Requirements (Rank 1–7), 2015 [11]</td>
<td>5.9</td>
<td>5.3</td>
<td>6.0</td>
<td>5.1</td>
<td>4.9</td>
<td>5.1</td>
</tr>
<tr>
<td>Institutions</td>
<td>5.6</td>
<td>5.0</td>
<td>5.9</td>
<td>5.0</td>
<td>4.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Public institutions</td>
<td>5.8</td>
<td>5.0</td>
<td>6.0</td>
<td>5.0</td>
<td>4.1</td>
<td>5.0</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>5.8</td>
<td>5.2</td>
<td>6.3</td>
<td>5.1</td>
<td>4.3</td>
<td>4.9</td>
</tr>
<tr>
<td>Macroeconomic environment</td>
<td>5.8</td>
<td>4.9</td>
<td>5.6</td>
<td>4.0</td>
<td>5.6</td>
<td>4.7</td>
</tr>
<tr>
<td>Higher education and training</td>
<td>5.0</td>
<td>4.9</td>
<td>5.0</td>
<td>5.0</td>
<td>3.9</td>
<td>4.4</td>
</tr>
<tr>
<td>Goods market efficiency</td>
<td>5.2</td>
<td>4.6</td>
<td>5.6</td>
<td>5.0</td>
<td>4.2</td>
<td>4.5</td>
</tr>
<tr>
<td>Labor market efficiency</td>
<td>4.9</td>
<td>4.1</td>
<td>5.2</td>
<td>4.6</td>
<td>3.6</td>
<td>3.5</td>
</tr>
<tr>
<td>Financial market Development</td>
<td>4.7</td>
<td>4.2</td>
<td>4.8</td>
<td>4.3</td>
<td>4.1</td>
<td>4.2</td>
</tr>
<tr>
<td>Technological readiness</td>
<td>5.4</td>
<td>4.9</td>
<td>5.8</td>
<td>5.6</td>
<td>4.3</td>
<td>4.5</td>
</tr>
<tr>
<td>Market size</td>
<td>4.4</td>
<td>5.4</td>
<td>4.9</td>
<td>3.3</td>
<td>4.4</td>
<td>4.1</td>
</tr>
<tr>
<td>Subindex C: Innovation and sophistication factors (Rank 1–7), 2015 [11]</td>
<td>4.9</td>
<td>4.1</td>
<td>4.9</td>
<td>4.0</td>
<td>3.5</td>
<td>3.6</td>
</tr>
<tr>
<td>Business sophistication</td>
<td>5.0</td>
<td>4.5</td>
<td>5.3</td>
<td>4.5</td>
<td>4.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Innovation</td>
<td>4.7</td>
<td>3.7</td>
<td>4.6</td>
<td>3.6</td>
<td>3.0</td>
<td>3.3</td>
</tr>
<tr>
<td>Corruption perception index (Rank out of 168), 2015 [9]</td>
<td>31</td>
<td>62</td>
<td>24</td>
<td>70</td>
<td>75</td>
<td>64</td>
</tr>
</tbody>
</table>

Table 2. Key GCC development and economic metrics [9–11].

Each country a specific amalgamation of logics that shapes a unique CSR arena including discourses and practices for CSR. The GCC region for instance collectively has almost half of the oil reserves in the world and 65.5% of the OPEC total [12]. They also have the highest per capita carbon emissions, which makes them liable to more environmental challenges than
Table 2 highlights some key indicators that help create a vision of each country’s development and socio-economic context that will guide the analysis. The information gives an overview of the institutional realities of each nation. As outlined, GCC has been successful in advancing their development metrics as compared to other countries in the region. Saudi Arabia has the highest population of 32.3 million and occupies the biggest surface area of the peninsula. Qatar has a significantly higher GDP per capita than the other neighboring countries, followed by UAE, Kuwait, Bahrain, Saudi Arabia, and lastly Oman. However, in terms of total GDP, Saudi Arabia ranks the highest and accounts for 25% of the Arab World’s GDP [13]. Moreover, Qatar ranks the highest on HDI of 0.856, followed by Saudi Arabia, UAE, Bahrain, Kuwait, and Oman.

In terms of their GCI ranks, UAE ranks the highest with 5.3, followed by Qatar, Saudi Arabia, Bahrain, Kuwait, and then Oman. The most problematic factors for doing business in Qatar are access to financing and restrictive labor regulations. The same holds true for Saudi Arabia whose global competitiveness remains fairly stable [11]. Qatar remains the second highest competitive economy in the Arab World but has reeded on worldwide ranking from 18th to the 25th place mainly due to the drop-in oil and gas prices which has impacted its fiscal situation; yet Qatar is still strong in many areas including infrastructure of its facilities, and goods market economy [11]. The UAE scores highest in the Arab World for overall competitiveness however the problematic factors for doing business in UAE relate to high inflation and also access to financing; Bahrain scores fairly high on ease of doing business with a slight problematic factor pertaining to inefficient governmental bureaucracy [11]. Kuwait has the highest inefficiency in governmental bureaucracy and the highest corruption rate; and lastly, Oman ranks highest on restrictive labor regulations and has other problematic factors regarding inadequately educated workforce and insufficient governmental bureaucracy [11]. It is important to note that the figures used for this analysis date prior to the 2017 Qatar-Gulf crisis, when several countries in the Gulf, namely Saudi Arabia, UAE and Bahrain, in addition to Egypt cut off their diplomatic ties with Qatar and imposed an air, sea and land blockade.

Due to the diverse contexts presented above, we expect to encounter a diversity of CSR logics in GCC region reflecting the amalgam of western and local CSR-institutional logics and the translation of these logics in the context of the unique systems of meaning and local practices in each nation [6]. Global forces through the sharing of best practices regarding social responsibility of MNCs and local forces resulting from the unique social, cultural and historical dynamic are both significant factors affecting CSR translation in the region. To study the CSR logics in the GCC region, a folder was created for each country and journal articles, book chapters and review publications analyzing CSR practices, expressions, and connotations in each country were downloaded. Through content analysis, the information was extracted from statements that are collectively used to draw conclusions on each institutional order logics and their interface with CSR. The analysis is inductive in nature where extracted statements provide evidence in relation to the nature of institutional logics of each country and their amalgamation with western assumptive CSR logics, in order to draw conclusions in relation to salient CSR logics in each context. Each of the following sections of the chapter (3–7) discusses the institutional order-CSR logics interface: Section 3 discusses CSR logic at the state level where regulations, policies, and decisions are made on a national level; Section 4 relates
religion (dominant moral values, belief systems and world view) to CSR practices; Section 5 looks into CSR-market logic which captures the compartmentalization and pricing of human activity in neo-liberal market economics; Section 6 discusses CSR from a corporate institutional order which is a hierarchal structure organizing and facilitating neo-liberal market economics and Section 7 will relate CSR to family ownership and family ties. Finally, Section 8 presents the discussion of the results with concluding remarks and recommendations.

3. GCC CSR-state logics interface

A recent report published by the Arab Forum for Environment and Development recognizing the transition to sustainable practices as a necessity for the region to secure a path towards a sustainable future [14]. The GCC governments seem to play an integral role in achieving the necessary goals set by the Arab Forum. CSR logics however have unique expressions in each national context. Although these contextual differences exist in highly developed nations, literature points to higher heterogeneity among emerging economies [15]. For example, even in a single country such as the UAE, differences are prevalent between the different emirates and how their economies are run [15]. This section will discuss the various State-CSR logics that have manifested in the GCC region in recent years, discerning between positive, neutral, and negative State-CSR logics.

3.1. Saudi Arabia

Saudi Arabia is a strong emerging economy; it has 20% of the world’s proven oil reserves and is the largest oil exporter in the world [16]. Due to the recent downfalls in the oil economy, the government is attempting to diversify its national economy and is consequently encouraging and supporting the private sector in its significant role and participation in its vision [16]. CSR has caught traction in Saudi Arabia where large firms are displaying strategic views on CSR. CSR is a great facilitator and an important component in the government’s desire to strengthen its relationship with the private sector and it has been encouraging companies to partake in CSR initiatives [16].

It has been mentioned in the literature that there is a lack of legislation or an institutionalized system for CSR; this has resulted in fragmented efforts with a low level of overall strategic strength [17]. Governmental and legislative factors including high bureaucracy, labor laws, corruption, legal systems, and investment regulations are major challenges for CSR implementation [18]. The above factors point to negative state-CSR logics, where systematic efforts are needed to develop CSR in the Kingdom [17, 18]. On the other hand, positive state-CSR logics have emerged in Saudi Arabia. The government passed a legislative requirement through the 2006 Saudi corporate governance (CG) code, which requires firms to have an audit committee with at least three non-executive directors and at least a financial and accounting director; this code had a positive impact on CSR disclosure with a higher number of companies registered by research studies post its application [13]. However, it can be argued that this is a non-intentional CSR impact, where more direct legislative policies are required for promoting CSR.
Moreover, other systemic attempts exist to institutionalize CSR in Saudi Arabia, namely through the Saudi Arabian General Investment Authority (SAGIA), established in 2000, with the aim of strengthening the economy and rendering it more competitive. SAGIA has made efforts to spread CSR awareness and encourage the private sector to participate through launching a measure, the Saudi Arabia Responsible Competitive Index (SARCI). The governmental initiative aims at monitoring and evaluating CSR strategies of leading companies through social, environmental, economic, management, and stakeholder participation metrics [16]. However, issues of human and labor rights, corruption, and environment are pressing international issues that are of concern to CSR global standards; and these concerns are not addressed by SARCI [19].

3.2. United Arab Emirates

The UAE is a fast-developing country with a growing economy. It has large oil reserves particularly in the Abu Dhabi Emirate; this has enabled it to become a business and trade hub of the Middle East. Indeed, the oil sector currently only accounts for 28% of its GDP signaling a strong diverse economy [20]. Due to its economic strength and opportunity and its affluent sales prospects, MNCs consider the UAE economy as a gateway to enter the Middle Eastern market. In terms of CSR, the government of UAE has been encouraging business involvement in social responsibility and consumer awareness of their rights through various programs; such as activities for sustainable management focused on the importance of philanthropic initiatives to aid sustainable development [20]. Particularly, Dubai has championed emerging sustainability projects, specifically in construction and energy conservation.

Poverty reduction is a main concern for the government which has been tackled through food and housing projects and marriage funds. The Sheikh Zayed Housing Program and the Mohammed bin Rashid Housing Establishment are two examples of UAE-led philanthropic initiatives to aid citizen welfare, in addition to humanitarian initiatives that provide food for subsidized prices; in accordance to cultural attitudes, UAE also provides a marriage fund for low income citizens along with other programs such as healthcare and educational support [20]. Government funded CSR programs are also expanding internationally and deal with international development challenges; this is initiated by various programs such as Dubai Cares, which is the largest CSR initiative in the Middle East supporting social welfare in low-income countries in fields of education, health, water and sanitation, and school infrastructure [20]. The government also encourages employees to participate and volunteer in social projects through an initiative called ENGAGE [21]. Other UAE-funded national and international initiatives support SMEs by promoting CG and raising awareness on issues of transparency, responsibilities of board directors, auditing, and sustainability practices [20, 21]. Lastly the Dubai Ethics Resource Centre specifically targets issues of CSR in the Gulf markets by planning forums and seminars in collaboration with business leaders and Gulf executives; their training sessions focus on improving knowledge of CSR targeted at professionals with the aim of enhancing CSR programs, strategies and infrastructures [21].

Along with providing CSR training sessions, the Center for Responsible Business in Dubai, provides assistance in CSR implementation and conducts audits to recognize responsible business behavior and rewards it with CSR labels; similarly, a UAE-funded project, the Arabia
CSR Network audits and rewards CSR best practices in the country [21]. UAE governmental initiatives have yielded tangible results, evident through the increased awareness by consumers in the country, and specifically in Dubai and Abu Dhabi Emirates, where responsible business programs are concentrated [20].

3.3. Qatar

Qatar is also a country rich in oil and gas with other booming sectors, with Qatar recently serving as the largest exporter of cement and steel [22]. It is a small country with the second highest migration rate and the first GDP per capita in the world [23]. The Qatari government has been according importance to accountability and transparency issues in the country, setting fertile ground for the disclosure of information, specifically related to socially responsible behavior [24]. This is an improvement as the country lacked any proper regulations for financial reporting and all information disclosed on company’s annual reports was completely voluntary [25].

While financial reporting has improved in the past decade, CSR disclosure is still a voluntary practice in Qatar, and not enforced by law. Companies lack a broad scope of CSR disclosure that mostly focuses on human resources; state regulations by the Qatari Government would help enhance CSR activities and set clear environmental disclosure standards in line with global sustainability trends [22]. Due to its contextual dynamics, as a small country with relatively low population, Qatar has excelled in inclusive social welfare initiatives; apart from its high living standards, the country’s contribution to global development has been pronounced. Through initiating semi-governmental institutions, Qatar has participated in national and international philanthropy and community outreach programs [23]. In 2015 the country put forth the Qatar National Vision 2030 setting clear sustainable development goals with economic, social, and environmental targets. To set a pathway for the 2030 targets, Qatar has emphasized the role of the private sector through an emphasis on CSR activities; a 2016 study on CSR practices in Qatar found that corporations are driven by the country’s vision for a sustainable future which also sets a framework for CSR activities and targets [23]. To further promote CSR activities and disclosure, the government should apply legal regulations for private sector involvement based on international and professional standards and criteria [14, 26].

3.4. Oman and Kuwait

Oman is an emerging mixed market economy that also highly relies on the oil and gas sector with a salience of joint ventures with international corporations [27]. Private sector partners along with the civil society are expected to collaborate with the government to maintain national competitiveness and equality. The state has set local development targets through the national socio-economic development plan (Vision 2020), launched in 1996; these collaborations are also in line with national inclusion, where all sectors are expected to be involved in steps for development planning [27].

Kuwait has a large oil economy and therefore the recent oil production cuts have affected economic growth [10]. The government is attending to this issue through plans of economic diversification; a privatization plan was put in place to shift dependence from the oil and gas
sector. However, the state legal framework and enforcement is weak; there are no CG laws put in place and company regulations lack any reference to stakeholder’s rights [28]. Due to its legal context, it is up to the firm to participate in socially responsible activities such as human and labor rights. A study on CG practices in businesses in Kuwait suggests the low level of development in that field with a salient lack of accountability, disclosure, shareholders’ and stakeholders’ rights. While some companies studied had assigned a board committee, others do not even have a selected board committee to look over governance issues [28]. There is no legal framework for social responsibility issues; however, some large sized companies exhibit some kind of participation in CSR practices [28]. This would be more organized and enhanced with well-structured legal regulations for accountability, CG, and social responsibility. Moreover, setting down regulations will be in line with the government’s current privatization plan as proper CG laws with clear reference to the rights of shareholders and stakeholders would encourage investment and economy diversification.

GGC governments are playing an integral role in putting the basic infrastructure and groundwork for securing a path towards a sustainable future in the region. Some GCC countries are trying to enhance and monitor CSR practices by diversifying national economy and supporting the private sector and civil societies, by launching philanthropic programs to aid sustainable development and reducing poverty and by establishing international networks to help other low-income countries. However, not all governments are as much involved, some are still lacking laws that enforce CSR practices and legal regulations for accountability.

4. GCC religion-CSR logics: philanthropic or strategic?

Normative and institutional pressures resulting from belief systems have a great impact on CSR practices in the GCC [17]; Islamic teachings salient in the region, view social responsibility as an obligation to business activity [18], namely through the Zakat obligatory tax to be given to the poor on an annual basis, and a general requirement by Islam to enhance social welfare and preserve environmental ecosystems [29]. However, these traditional efforts fall short of the global CSR standard, as they are usually private, fragmented, lack accountability and a clear strategy to maximize effectiveness of business philanthropic efforts [21]. This section will discuss the religion-CSR logics and draw recommendations on the best course of action for sustaining traditions while moving towards sustainable development.

4.1. Saudi Arabia

Companies in Saudi Arabia have been following a religious tradition of Zakat which is charitable giving that requires companies and individuals to give an annual endowment of 2.5% of their annual income or revenue [29]. This longstanding socially responsible tradition has transformed through business development to an obligatory institutional Zakat tax, commonly labeled by corporations as a CSR activity in recent years [29]. Therefore, CSR articulation has only come up in recent years in Saudi Arabia; initially there was a general traditional obligation on ethical business activities [14]. A study by CSR consultants in Saudi Arabia found that businesses are starting to leverage the benefits of CSR beyond merely charitable activities; focusing on a broader CSR scope involving employees, communities, and the environment [18].
4.2. United Arab Emirates

Philanthropy has always been practiced in UAE through Zakat. This has also been institutionalized and organizations are usually compliant with religious doctrines and practices. Due to the prevalent endowment behavior, organizations believe in their responsibilities towards society, apart from their shareholders [20]. The religious practices are not centralized and approached merely in an informal and unorganized manner. Unlike Saudi Arabia, a Zakat tax is not enforced or collected by the state. However, some have argued against the effectiveness of a centralized Zakat collection practice; such system does little to better the living standards of the needy [20]. CSR is very different from Zakat although philanthropy is included as one of the secondary pillars of CSR practice. Zakat has a spiritual end whereas CSR ought to be targeted towards social equality and sustainable development. CSR also includes concepts of preservation of resources, sustainable practices, and involving stakeholders in business operations and strategies [21].

4.3. Qatar

Qatar also has salient Religion-CSR Logics as it is an Islamic country with high social, cultural, and religious expectations of firms participating in philanthropy; this ultimately influenced the introduction of CSR in the professional realm and encouraged company participation to meet their social responsibility expectations [23]. Community involvement of businesses in Qatar has always been prevalent through donations such as to orphanages, elderly homes, and particularly sports [29]. Religious groups in Qatar also act as pressure groups on companies to get involved in the annual Zakat tradition [24, 25]. These groups account to a significant portion of investors in the country and may choose to invest in companies that show interest in social development and participate with annual philanthropy [24]. Islamic values need to be present and emphasized by companies in Qatar to maintain legitimacy and survival; through enhanced communication with local groups and communities, and transparent disclosure of socially responsible behavior [25].

4.4. Bahrain and Oman

Bahrain is a small GCC country and has a dearth of research on CSR practices by corporations. However, one study focused on social responsibility reporting of Islamic financial institutions based in Bahrain. The results show a thorough understanding of CSR as the banks are required by law to produce an annual report, the Shari’a Supervisory board report, to assert their commitment to Islamic teachings [30]. There is evidence of voluntary philanthropic practices in Islamic financial institutions which signifies a commitment to social welfare issues in the country [31].

Similar to other countries in GCC, Oman is a Muslim nation characterized with philanthropic practices to low income groups, which has contributed to the assimilation of CSR concepts [27]. There is evidence of a merger in Oman of traditional philanthropic traditions with strategic CSR practices integrating economic, social and environmental challenges [27].

Islamic religion in the GCC countries views social responsibility as an obligation to business activity mainly through the Zakat tax. However, the Zakat tax was practiced way before the CSR concept came to light and is considered as only one of the secondary pillars of CSR practices which is philanthropic. Social responsibility is present in the GCC in Islamic financial institutions as well.
5. Market-CSR logics

Market-CSR interface creates various logics depending on the market dynamics of the specific context. International market integration greatly influences CSR logics and expressions. The local context has an even greater impact, for instance in case of monopolies or other peculiar ownership contexts. Moreover, the pursuit of market growth might produce operational negative externalities impacting society or the environment.

5.1. Saudi Arabia

Despite the fact that Saudi Arabia is an Islamic state following Islamic law and practices, a study found that companies pursue CSR beyond charitable and philanthropic activities [32]. Indeed economic, environmental, and social pillars are addressed through CSR, marking a qualitative shift in the country. However, companies through these practices are in pursuit of higher economic value with higher profits and long-term success [32]. Therefore, it seems that although a developmental approach is prevalent in some companies in Saudi Arabia; the guiding principle is in line with economic priorities. Saudi Arabia has strong connections politically and economically to the west, and western market logics have manifested in the country [14]; It is emphasized by many authors that this particular Saudi CSR expression is inspired by western free-market economy influences, and plays a significant role in shaping business practices and economic priorities [14, 32].

In light of the start of the Arab Spring, Saudi Arabia began to focus on driving CSR discourse forward and spreading awareness on the importance of CSR as a political strategy to meet the public’s demand for sustainable local social and economic development. CSR became essential for enhancing social cohesion and solidifying the country’s authority and political role in the region [33]. In this way, it has changed from being an economic activity to a political priority. Consequently, multiple governmental projects took place including generous philanthropic assistantship to low income groups in the Kingdom, as well as a housing development project where the government built half a million residential units for the needy [14]. This marks an evolution in CSR in the country moving away from western market logics and into new applications rooted in socio-economic rationales.

5.2. United Arab Emirates

UAE is characterized with an internationally integrated market; in fact, only 20% of its population comprises nationals and local citizens and 80% constitute migrants from 100 different countries searching for work opportunities; although it is an oil and gas rich nation, the sector only contributes to 28% of its GDP [20]. Market logics in UAE are driven by high economic growth and international integration and competitiveness. This open market environment aiming for rapid economic growth may result in socially irresponsible behavior. Indeed, due to opportunistic attitudes permeating the UAE, business practices have been characterized with poor labor rights, low customer safety standards, unequal welfare distribution, and environmentally damaging activities [15].
Governmental laws and structured regulations regarding business conduct exist but their implementation depends on institutional monitoring and enforcement capacity [15]. Although positive state-CSR logics prevail, there are several challenging factors that inhibit proper stakeholder engagement in the UAE market. Due to some firm’s monopoly positions, there has been a failure of prioritizing stakeholder management in organizational operations; in addition to the diversity of cultures and backgrounds in the country and short-term residencies, effective communication channels are difficult to build and long-term relationships with stakeholders are not maintained due to the high turnover rates [15].

5.3. Qatar

Due to the high rate of economic development and international market integration, CSR in Qatar is growing exponentially as western-centric CSR is diffused to relevance in the local context [26]. Due to the high percentage of international firms in Qatar, CSR global standards and reporting are followed, especially in the energy sector [23]. The energy sector in Qatar however does not follow the same type of CSR disclosure seen in western energy sectors. It is expected that such an industry would be keener on disclosing socially responsible behavior regarding environmental challenges; however, this is not the case in the Qatari energy market, as a study revealed that the sector’s highest emphasis through CSR reporting is related to human resources rather than an environmental theme [22].

On another note, the recent governmental privatization program is attempting to enhance local investments. A study revealed that post the implementation of this program, a high association between shareholder percentages and CSR reporting prevailed [25]. Management is attempting to assure current and potential private investors of the company’s commitment to transparency and social responsibility through proper disclosure. Shareholders in Qatar prefer investing in socially responsible firms that prioritize social and environmental challenges [25].

5.4. Oman and Kuwait

The Omani market enjoys joint ventures and a majority natural resources sector. This has had a significant effect on shaping CSR expressions in the country, where they are found to be consistent with other emerging economies with similar characteristics [27]. The best type of CSR practiced in Oman is through philanthropy; this could be due the traditional charitable activities. However, it is argued that economies that are highly dependent on natural resources conform to ‘CSR as philanthropy’ philosophy [27].

Due to the economic structure in Kuwait where the market is dominated by major shareholders with a weak legal system, there exists a lack of accountability, proper shareholder rights, and transparent disclosure [28].

Just as GCC markets became more open and engaged internationally due to globalization, western logics penetrated CSR practices that shifting the focus away from economic activity to political priority such as in Saudi Arabia and Qatar. In other countries, such as the UAE, the open market led to the inflow of foreigners looking for opportunities and this created a challenging factor facing social responsibility.
6. Corporation

Corporation-CSR logics constitute of two main paradigms: Corporations pursuing CSR for the aim of higher profits and economic priorities; and corporations focusing on integrating local and global development challenges through CSR strategies.

6.1. Saudi Arabia

Companies in Saudi Arabia with CSR practices usually consider local development priorities in strategizing their CSR goals. However, due to the cultural context in the country, businesses and citizens view social responsibility and development as the primary goals of the state structure [18]. The fact that businesses in Saudi Arabia view CSR as voluntary stands in the way of the governmental plans to make CSR strategies the norm of doing business. Saudi Arabian corporations also showed a high correlation between improved CSR disclosure and board independence and firm size [13, 34], signifying that companies with higher financial liquidity and independent audits, are more willing to invest in a CSR strategy and disclosure. However, small and medium sized enterprises face structural challenges in integrating CSR into their business operations; such companies do not create high employment nor do they follow strategic developmental approach to CSR, rather they merely stick to paying the annually ensued Zakat tax [14].

6.2. United Arab Emirates

MNCs in the UAE tend to follow sustainability pathways through supporting society and the environment in their CSR practices; the majorities of these firms operate in free trade zones of the country [20]. In a study on CSR perceptions of UAE corporates in free trade zones revealed some linkage between CSR and business performance; most respondents believe in the high economic value that CSR produces such as reputational gains, higher profits, and long-term success [21]. Nonetheless, clearly targeted and structured CSR strategies are not salient in UAE; this is due to the lack of understanding of how CSR practices should be formulated and what constitutes an effective CSR strategy [21]. Despite the high awareness of the significance of CSR and importance of following international standards, firms do not have the knowledge of how to implement these standards.

6.3. Qatar

Despite the high international market integration in Qatar, corporations fall short on CSR practices as the main themes of CSR reporting are related to human resources and product development; the disclosure is mostly in a narrative format through the chairman’s report which indicates that companies through CSR pursue higher profits and a corporate image and reputation as responsible corporate citizens rather than contributing to the enhancement of local sustainable development [22]. The highest amount of reporting is recorded in large companies [25, 35]; as they have higher financial resources to be able to apply CSR strategies, in addition to being more visible to the public eye and so need to maintain a responsible corporate image for long-term success [25]. Large companies are also more likely to secure funds from banks and other financial funding institutions and therefore they tend to disclose detailed information to convince investors [25].
The local development context in Qatar is characterized with many challenges such as inapt human and worker rights and transparency and accountability. These areas are not covered by CSR programs of corporations; rather their focus is mainly on health, education, environment, and sponsoring of sport events [26]. Corporations in Qatar ought to develop their professional skills in dealing with CSR by hiring specialized professionals in separate CSR departments for greater integration of local development context of ineffective labor and human rights, working environment, and governance issues [26].

6.4. Oman and Kuwait

The highest sector that practices strategic developmental CSR in Oman is the oil and gas sector as it is dominated by transnational corporations that work in joint venture contracts with the government. Corporations in this sector apply more systematic approaches to CSR integrating economic, social and environmental issues, as well as incorporating local traditions of philanthropy [27]. This is not the case with SMEs in Oman as they primarily follow religious obligations to philanthropy; although some integrate CSR in their core operations, that is usually not organized or systemic [27]. Despite the lack of governmental regulations for CG or CSR in Kuwait, strategic CSR is salient in some large companies in the country. Social responsibility in Kuwait is still underdeveloped, and requires more effort from governmental institutions and large companies to drive the practice forward [28].

Companies in the GCC usually believe that social responsibility and development is the primary goal of the state and not mandatory for businesses. Yet, companies do practice CSR despite the lack of understanding of how CSR practices should be formulated and what constitutes an effective CSR strategy.

7. Family-CSR logic in family owned firms

Family logics in a specific country greatly influence CSR strategies in family owned firms; this is specifically true in the Middle East as a large portion of corporations are family owned. Family-CSR logics interface is affected by the cultural attitudes of helping relational in-groups; tribe culture as a salient logic in the GCC area might also influence CSR expressions. Negative CSR-family logics might occur due to the high level of nepotism and giving priority to employing family members in the business that is detected in some cases in the Middle East.

7.1. Saudi Arabia

Saudi Arabian corporations apply the religious philanthropic traditions of Zakat; as mentioned above it is required and collected by governmental bodies. However, corporations also showed a high correlation between improved CSR disclosure and board independence and family ownership [13]. Indeed, family owned businesses tend to go beyond what is required by law (Zakat tax), and apply a broader Islamic view on business operations; Islam requires businesses to be socially responsible and to promote social cohesion and conserve environmental ecosystems. On the other hand, various philanthropic donations go unnoticed in Saudi Arabia, as individuals and family-owned corporations find it modest to advertise their good deeds; for example, a $130 million donation made in 2012 to the cyclone affected Bangladesh population remained anonymous [29].
7.2. Qatar

Due to the Qatari corporate ownership structures that are mainly dominated by the government or a number of families, corporations do not have incentives to disclose socially responsible information. These powerful and wealthy Qatari families can directly request information from management, and therefore companies do not tend to voluntarily disclose information about their corporate citizenship and social responsibility, as civil society pressure groups do not exist [25]. On the other hand, religious pressure groups exist and therefore companies tend to meet their requests through improving the living standards of employees and through charity or philanthropy [25].

Although it is highly international, Qatar still preserves Islamic and in-group values that are evident through its relationship with expatriates. It has been criticized by international organizations due to concerns about human and labor rights; the nationalities of expatriates determine their social status and treatment within the Qatari society [23]. This is in fact prevalent throughout GCC countries in general, and needs to be addressed through CSR programs targeted at nationals and minority groups to enhance social cohesion.

7.3. Kuwait and UAE

Similar to Qatar, ownership in Kuwait is concentrated with either families or governments, and corporations have a lack of proper disclosure of information [28]. Ownership structures create agency issues for corporations in Kuwait, where the process of appointing board members and audit committees is prejudiced by large shareholders and nepotism [28].

The cultural attitudes and familial ties in UAE follow a collectivist philosophy that views social welfare and relationships in a philanthropic fashion [36]. Although governmental efforts to promote global standards of CSR are highly prevalent in UAE, CSR is still viewed in a philanthropic manner and at times merely as a religious requirement [36].

Most of the companies in the GCC are family owned and they view CSR in a philanthropic manner. Yet, some family owned businesses tend to go beyond what is required by law (Zakat tax), and apply a broader Islamic view on business operations.

8. Discussion and conclusion

The above analysis provides a broad scope understanding of the nuanced peculiar national contexts in the GCC and the relevant CSR expressions prevalent in light of the diffusion of western assumptive logics of CSR through globalization. In terms of State-CSR logics, supportive logics are expressed in the GCC countries; Saudi Arabia passed the 2006 Saudi corporate governance code that had an indirect positive impact on CSR disclosure by companies in addition to institutional attempts through SARCI that have collaborated with stakeholders from multiple sectors to promote CSR. The UAE government has initiated and funded various community outreach projects, in addition to institutional CSR initiatives to promote and audit CSR practices. Similarly, the Qatari government has funded several initiatives for CSR
promotion and awareness as well as social welfare projects. On the other hand, Omani government CSR initiatives are still shy; apart from setting a socio-economic governmental plan that requires tri-sector collaboration, more emphasis on structured CSR regulations would help its promotion. The state of Kuwait does not provide any type of support for CSR in the country. Indeed, structural obstacles hinder its application, such as a feeble legal system, poor human and worker rights, lack of accountability and nepotism.

In terms of Religion-CSR logics, the Islamic tradition of Zakat is salient across all GCC countries and has transformed to an institutional annual philanthropy tax. In Saudi Arabia, this tax is legally mandated and collected by the government every year. This is not the case in other GCC countries. In some cases, corporations tend to go beyond this tradition, and incorporate a broader view of Islamic social responsibility in their business operations, as seen in UAE and Oman. Moreover, religious pressure groups exist and enhance CSR disclosure of companies in pursuit of higher investments, as evident in Qatar. However, these practices are usually fragmented and unorganized; although they have set a fertile ground for CSR development as companies view social responsibilities as significant religious obligations, a structured and strategic approach that builds on these religion-CSR logics would enhance their application and effectiveness in contributing to local sustainable development.

In terms of market-CSR logic interface, western market values have proliferated in Saudi Arabia, UAE and Qatar and have manifested in economic and business priorities through CSR practices in these countries. Moreover, a negative market-CSR logic prevails where the market dynamic has created opportunistic attitudes causing negative externalities on society and the environment; this is evident in UAE markets where some corporations’ monopoly positions lead to negative CSR expressions. Similar obstacles exist in the Kuwaiti market that is dominated by major shareholders; this has led to low accountability and responsibility standards. In Saudi Arabia however, an economic and market oriented CSR approach has transformed into a political rationale and priority in light of the emergence of the Arab Spring.

Corporation-CSR logics prevail in GCC countries under two main paradigms, either prioritizing economic profits or integrating local developmental challenges. The former is evident in Saudi Arabia where large companies with higher financial liquidity tend to invest more in CSR practices, in UAE where companies pursue long-term success, and in Qatar where corporate image and financial gains are prioritized. On the other hand, developmental corporation-CSR logics exist in some companies in Saudi Arabia, the UAE, and in the oil and gas sector in Oman.

Lastly, three family-CSR logics have been detected in the GCC literature. Companies follow the traditional familial values of helping family members and in-groups that is salient in the region; For instance, the UAE family-owned companies exhibit the collectivist social politics, and this has led to the ‘CSR as philanthropy’ understanding. Another Family-CSR logic is through the impact of familial values on business practices where the managers practice CSR in accordance with their personal beliefs; in Saudi Arabia, there is a positive association between higher CSR disclosure and family ownership where family owned companies tend to apply a broad view of Islamic values for social responsibility in their business operations, going beyond the annual Zakat tax. A third and negative family-CSR logic is salient in Qatar.
and Kuwait where family ownership has led to cases of low incentives for CSR practices and disclosure (Qatar) and to prejudices and nepotism (Kuwait).

Generally, it is clear that in each of the GCC countries, we see an amalgam of global, mainly western, logics relating to CSR, and local logics tied to indigenous institutions. Western CSR logics rarely stay intact, and are often adapted in local contexts as they interact with local institutional logics. Therefore, we detect nuances in the understanding and applications of CSR across contexts, even when these countries are located in close proximity to each other as is the case for the GCC. This comes across clearly through our contribution and we need more research along these lines to contribute to the global comparative CSR agenda as we enrich our understanding of the diversity of CSR and its manifold applications across developed and developing contexts. Future research can be done on the possibility of including independent members on the Board of Directors in family-owned businesses in order to overcome the obstacle of negative CSR-family logics. CSR in the GCC countries should encompass a broader view than just philanthropic programs and Islamic views. Future research can also tackle the issue of shifting CSR views from economic activities to a political priority initiated by the government, and also practiced by businesses as mandatory through laws that enforce CSR practices and legal regulations for accountability.

Author details

Dima Jamali* and Walaa El Safadi

*Address all correspondence to: dj00@aub.edu.lb

American University of Beirut, Beirut, Lebanon

References


Adaptations of CSR in the Context of Globalization: the Case of the GCC


