

**Towards A Multilevel Understanding of  
Socially *Ir*responsible Practice  
in the MENA Region**

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## **Abstract**

Some have claimed that in its more insidious forms corporate social *irresponsibility* (CSI) can take a number of forms including deceiving customers, swindling investors, exploiting employees, putting consumers at risk and poisoning the environment (Vogel, 1992). Those writing in this vein suggest socially *irresponsible* corporate behavior has negative consequences: on the macro level, as it produces an unfavorable impact on the sustainable development of the environment and society in which the firm operates, while on the micro level CSI negatively impacts a firm's image and consequently hurt its overall operations. Yet, regardless of the risks and consequences, some firms deliberately behave *irresponsibly* in some areas of their work while behaving responsibly in others (Jones et al. 2009a).

Interestingly, there is at best an implicit and negligible discussion of the notion of CSI in the corporate social responsibility (CSR) literature, which to date has not focused on understanding why those who manage organizations choose to *not* act in a socially responsible manner (Campbell, 2007). In a review of the CSR literature, Margolis & Walsh (2003) called for breaking out of the Corporate Social Performance (CSP)-Corporate Financial Performance (CFP) investigation into a more comprehensive theoretical inquiry into the antecedents of corporate socially responsible behavior, taking into consideration outcome variables other than CFP; after all, to *not* do so converts CSP from a terminal good into (merely) an instrumental good.

The importance of the work of Margolis & Walsh (2003) is heightened by the fact that dissimilarity exists in socially responsible practices of firms across countries. For example, CSR activities in Arab firms typically take the form of corporate philanthropy, with such action not being fundamentally integrated into core business strategies as many proponents of CSR argue they should be (Golob and Bartlett, 2007). Further, a 2009 CSR survey of 106 leaders in the Middle East by the Sustainability Advisory Group regarding attitudes towards and understanding of CSR in the Middle East and North Africa (MENA) region revealed that a considerable proportion of business leaders rate poverty alleviation, water conservation, climate change mitigation and waste management and pollution as unimportant issues (20%). Moreover, roughly half of the respondents indicated the companies they manage are not effectively addressing the aforementioned social and environmental issues. It is through understanding the importance of managerial values and attitudes towards CSR that one can apprehend the limited participation of Arab organizations in the Arabia CSR network—only thirteen companies, with half being foreign multinationals (Arabia CSR network, Annual report 2013).

Clearly social and environmental concerns are not equally important in all parts of the world. Jennings and Zandbergen (1995) argue that leaders of institutions play an important role in shaping the consensus within a firm regarding the establishment of an ecologically sustainable perspective within the organization. But because norms and values tend to differ significantly across cultural contexts, research examining the variance in socially responsible corporate behavior across such settings—and the impact of the cultural context on organizational commitment to CSR—begs further investigation. And since most extant CSR studies have focused on subsidiaries of multinational corporations (MNCs) in the developed world, studies focused on CSR and reporting on the practices of local firm outside of the dominant cultural context are scarce but clearly critical to a full understanding of the topic (Frynas, 2006).

In fact, organizations such as small and medium enterprises (SMEs) represent a significant portion of businesses worldwide (Jenkins, 2004a). Additionally, such companies are a considerable source of economic growth and stability, particularly of developing countries—and additionally represent potential sustainable enterprises bearing the potential to leverage ‘blue water’ opportunities created by market imperfections and socio-ecological problems (Cohen and Winn, 2007). Therefore, lack of CSR research focused on local SMEs in the developing world leaves our understanding of international social and environmental practices incomplete and makes the quest for a sustainable global world complex difficult at best to achieve.

All the above sets the stage for what is hoped will be a vigorous discussion at the upcoming IABS conference—and one that will advance our understanding of business and society at the crossroads, in this case the intersection of traditional CSR research focused on the actions of major corporations within a Euro-American context, and inquiry dedicated to understanding socially *irresponsible* corporate behavior within *non-Western* culture(s). The research idea elaborated above advocates for exploration of the conditions under which local SMEs may be more or less likely to engage in socially *irresponsible* practices...using a multi-layered (macro-contextual, meso-organizational, micro-individual) framework to examine individual, organizational, and institutional antecedents of CSI in local SMEs in the MENA region. The framework under discussion draws upon theories in psychology (e.g. norm activation theory [Schwartz, 1977]) at the individual level, organizational culture at the firm level and institutional theory at the macro level to suggest that sources of CSI related to a specific value construct (e.g. Inglehart's values ) interact at a variety of interstices to form patterns of socially *irresponsible* practices in local SMEs in the MENA region. And of course...beyond the merely descriptive narrative of this approach is embedded the unyielding hope that normative

prescriptions for change can emerge that, when coupled with mechanisms related to effective implementation, will advance not only our *understanding* but perhaps more importantly the *practice* of CSR in SMEs in the MENA region.

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