



ЗАРУБЕЖНЫЙ ОПЫТ

NESRINE HAFEZ HARFOUSH

CONTEMPORARY DEVELOPMENT OF CSR THEORIES AND PRACTICE IN THE REPUBLIC OF LEBANON

The main directions of corporate social responsibility (CSR) studies in Lebanon are analyzed. The effects from CSR practices are differentiated according to four directions: economic performance (improved management of business risk; enhanced credibility due to quality control; increased innovation, competitiveness and market positioning; long-term cost savings; improved relationship management across supply chains; additional access to capital; improved organizational image); social performance (improved recruiting and personnel development; adopting a modern corporate culture); political performance (investing in Corporate Social Capital within the community); ecological performance (environment friendly production and consumption). The CSR practice in the Republic of Lebanon was examined based on Social reports from two famous Lebanese enterprises — «Fransabank» and «Khan Al Saboun». The study allows to conclude that the theory and practice of CSR in Lebanon is actively developing. The features of CSR implementation in Lebanon are the following: active social position; focus on personnel development; implementation of ecological measures. The main results of CSR actions are: improved company's image, loyalty of consumers and business partners, enhanced corporate management, etc.

Keywords: Corporate Social Responsibility (CSR), drivers of CSR; the Lebanese Republic.

UDC 339.13 (569.3)

Introduction. Global Compact Network Lebanon (GCNL)* is one of the 68 Local Networks around the world that operates through a signed Memorandum of Understanding (MOU) with the UN Global Compact HQ (HQ). It was launched in September 2015 and works closely with the United Nations Global Compact Headquarters to provide opportunities for learning, policy dialogue, and partnership on the UNGC Ten Principles and UN 17 Sustainable Development

NESRINE Hafez Harfoush (nesrine.harfoush@icloud.com), a PhD student of the Department of Economics and Management of the Belarus State Economic University (Minsk, Belarus).

*<https://www.globalcompact-lebanon.com/about/>.

Goals (SDGs) in Lebanon. The secretariat for Global Compact Network Lebanon is based on School of Business at the American University of Beirut (AUB). The Steering Committee is currently composed of 10 leading organizations spanning various industries and sectors across Lebanon.

The main directions of CSR-investigation in Lebanon. In the study on the application and adoption of CSR, the authors [1] distinguish the following CSR drivers: intention as the product of both the managerial perspective of the corporation and the strategic objectives set prior to adopting a CSR plan; risk management; the extent of public relations in a company; target market awareness.

In the studies of Lebanese authors, a lot of attention is paid to the problem of analyzing the organizational performance of certain companies that have implemented CSR, and using collected data, evaluating what sort of effects CSR implementation could have on the organizational performance of those companies [2]. These effects included the following directions:

1. *Economic performance*: improved management of business risk; embedding credibility and quality control; increased innovation, competitiveness and market positioning; long-term cost savings; improved relationship management across supply chains; additional access to capital; improvement of organizational image [2–4];

2. *Social performance*: enhancement of talent management and recruiting; adopting a more adaptable and change-oriented company culture. With Lebanon being such a volatile country in terms of its economic status and political changes, it is a necessity for any corporation to have an adaptable corporate model and to serve other stakeholders to be adaptable in such situations. Through utilizing CSR, companies can become more adaptable, more open to innovative ways of doing things and more open to lead the change in the industry to suit societal well-being [5];

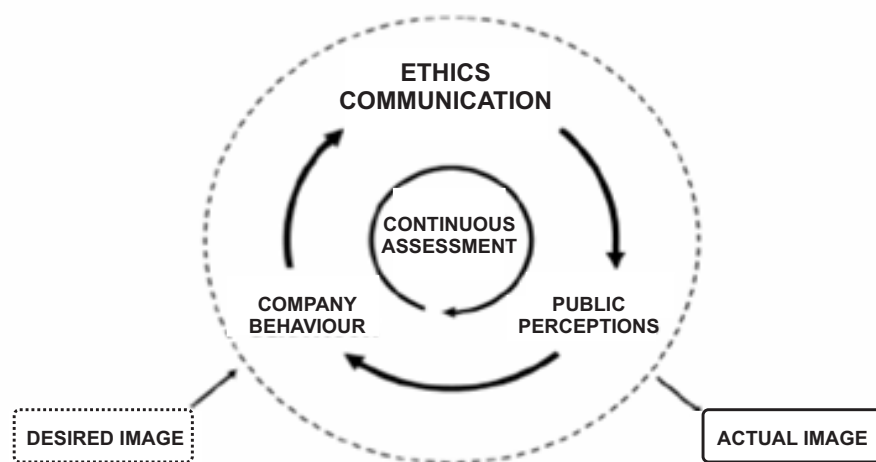
3. *Political performance*: investing in Corporate Social Capital within the community. Through adopting CSR and executing its strategies, companies can begin the conversation about CSR in the country, can develop more engaging relations with the corporate sector around it, can lead by example proving the need for CSR and its practices within the country. CSR is dependent on the individual efforts of all these companies adding their social capital, its investment, commitment and combined efforts to create a collectively socially responsible corporate world in the Lebanese context. Additional advantage of using CSR is easing relations with governmental regulators — with the complex regulations across Lebanese legislation, it is imperative for corporations to have mitigated relations with regulators and legislators. Corruption is slightly inflated in Lebanon [6] and that can lead to difficulties in establishing simple procedures and work practices. Thus, with an investment into the society that these regulators work for and by creating relations with these regulators in the aim of a better country, legislations from regulators and other governmental bodies will become smoother and will become cooperative in aiding these socio-environmentally friendly corporations achieve their professional and social objectives;

4. *Ecological performance*: championing responsible consumption — of all their proposed benefits to Lebanon, this point highlighted the strength of Hejase & Hamdar's research. This wide scope recognition of the impact of CSR puts things into perspective. By understanding that CSR is not merely a tool for promoting greener pastures and cleaner cities, companies in Lebanon have the potential to influence the way people consume products and services, extending the effect of CSR from their own efforts all the way to the end user, allowing for a cycle of sustainable interaction and continuous social well-being. Also, by presenting socio environmental products and services, companies promote substitutes for their consumers, giving them the choice to purchase those products that are

better for their environment and their society instead of those that harm it. This ties it with the idea that is related to making consumers active participants in the CSR campaigns and giving them a role to play within the improvement of their socio-environmental status. By promoting responsible consumption, providing solutions and substitutes to harmful products and informing customers of the role they could play, consumer-company relations will be emphasized and improved.

All the following benefits are potentially available for Lebanese companies and the Lebanese corporate world. Several companies have launched these CSR initiatives and some have revolutionized the way they produce their products to match certain standards.

The literature mentions numerous benefits of CSR concerning the perception of consumers and the different ways in which they would approach the company, use its products instead of those of competitors, and increase the frequency of their purchases. However, the relations between companies and clients do not automatically become so smoothed out due to the presentation and execution of CSR efforts. There are several directions in which these relations can go. This is dependent on the trajectory of the CSR plans execution. Companies usually set a strategic objective to achieve with the required CSR plans, make a roll-out plan and then proceed to its execution and the publicity of their efforts. Initially, these companies have a particular desired image. This desired image is defined as the way they want to be seen and perceived by their consumers. In fact, all relations and directions of relations between the company and its customers are determined by this perception. Thus, it is important for the desired image to fit with the consumer perception of the company [7] (figure).



Company Client Cyclical Direction

Source: [7].

The Figure shows the cycle of company's constant attempts to manage relations with clients based on the desired image and the customers' actual perception of the company. From this cycle, there are several considerations to be taken into account. Initially, management plays an integral part in the way customers and companies interact. If a manager has a modern view of CSR, the younger clientele will be more aligned with the company vision, understand its stances and its decisions. However, if the management has a more traditional view, a different segment of the market will be aligned with their visions and decisions. In the particular case of CSR, management plays a big role in choosing what social responsibility is to them and this can create or destroy the direction of client-organization relations.

Thus, managers must make sure that their CSR causes and efforts are aligned with their target market, not merely their own personal bias [8].

The second factor that determines the direction of consumer-company relations is the degree of engagement that companies allow for their customers. As stated earlier, consumers want to feel involved, they want to feel that they have a company that is backing them up in pursuing certain goals for the benefit of the society they live in. This is particularly true of the new generation of millennials and Gen Z. They have a tendency for activism and advocacy, aiming for more influence, increased diversity, more power to the employees and more work-life balance. Additionally, this is the global generation that wants to align itself with international rights and causes. Thus, this engagement, this allowance of the consumers to be part of the CSR effort is a primary indicator of how positively they will interact with the company and how fit the company's desired image will be with its consumers' actual perception of it [9].

Finally, the most influential factor that comprises or strengthens the relationships between consumers and companies within the CSR context is the authenticity and credibility of the CSR efforts and investments. Companies have used CSR in several contexts to improve their reputation, positioning and marketing creativity. This is why consumer skepticism has the potential to alter the entire relation between the company and themselves. Consumers, including the activist millennials and the older people with influential purchasing power, want to put their money and interact with companies that aim to make the society they live in a better place, not one that is working slowly towards its own benefits and profits [7].

The CSR-practice in the Republic of Lebanon. There are different approaches to CSR analysis: analyzing CSR reports and good practices of the companies; interviews with representatives of Lebanese enterprises (with CSR and without CSR); experts' opinions [10]. The CSR practice in the Republic of Lebanon was overviewed by Social reports from two famous Lebanese enterprises — «Fransabank» [11] and «Khan Al Saboon» [12].

As for examples of Lebanese CSR Integrations, we have chosen «Fransabank», because it was one of the earliest adopters of CSR and its genuine practices in the country. «Fransabank» took the initiative to define what social well-being and social consciousness is to its people. By referencing its people, «Fransabank» ensured that it served the employees it hires and the community they come from at the same time. In fact, some of their CSR programs integrate both in a very cohesive manner. For example, one of «Fransabank»'s main CSR efforts as mentioned in their 2018 CSR Report was to increase their employee engagement in society. The focus on Employees' Social Involvement came from «Fransabank»'s knowledge that a company is composed of the people that work in it. Thus, orders from the high-level management did not represent the whole company. They wanted to integrate the principles and values of CSR across the organization and they did that by encouraging and incentivizing their employees to donate, to do additional pro bono activities and to feel a part of the community that they serve. Through their Employees' Social Involvement initiative in 2018, «Fransabank» organized a full day dedicated to volunteerism, drawing all employee efforts onto the children of AFEL (Lebanese Child Home Association). 14 bank employees volunteered to help and run the day, organizing interactive activities for the children, entertaining them, sharing a meal with them along with distributing gifts, dancing sessions and singing programs.

«Fransabank»'s alignment with such a cause was not accidental. They found a need to represent and raise the voice of the children who lack homes, lack rights and who have been in potential danger due to the lax laws on child labor

within the country. As reported by El Annan and Chammas (2017), 1.9 % of children between the ages of 9 and 14 were working with no labor law to protect them. 92 % of these children had no health insurance coverage whatsoever and most of them were employed under conditions that exposed them to pollutants, acidic releases, emotional abuse and physical exhaustion. Thus, in representing the children of Lebanon, «Fransabank» was also aligning itself with the need for an ISO 26000 certification to be the standard for all employers in the country, establishing safe laws and conditions and abolishing child labor [6].

Another effort by «Fransabank» included their promotion of employee safety and health. Their insurance plans are extremely generous, they have a focus on employees' mental health and conduct several learning tools to prepare employees for how to react in the case of natural disasters or terrorist attacks. Additionally, in 2018, «Fransabank» allocated \$ 2.9 million to the education of 1,344 employees' children. The bank also focuses on the work-life balance of its employees, with mothers receiving a more flexible schedule to suit their children and offering over 35 % discounts on employees' children's college tuitions [11]. Such efforts incentivize employees to give their utmost effort to the organization that supports them and ensures the well-being of their families. By investing in their people and engaging their people in their investment in society, «Fransabank» is at the forefront of CSR and is reaping its benefits whilst providing society with the benefits it needs, rather than some shallow, dolled-up version of socio-environmental care.

The second example of a company that has integrated CSR is «Khan Al Saboun»*, who not only conducts CSR efforts, but has integrated environmental awareness and societal wellness into its very business model and product compositions. «Khan Al Saboun»'s mission statement is: «The drive of being in harmony with nature is what made «Khan Al Saboun» prosper and achieve recognition around the world. It is indeed by building on recipes inherited from his ancestors that Dr. Bader Hassoun developed new mixtures and made from soap a world of its own. At «Khan Al Saboun», each product has its own identity and is made of 100 % natural ingredients» [12]. The company produces all of its products, which it distributes to its dozens of international franchisees and local stores at its location in Koura. Its entire workforce is composed of Lebanese citizens, and in partnership with several banks, such as Banque Libanaise Francaise, it seeks to restore the country's heritage and historical monuments.

However, «Khan Al Saboun»'s main CSR implementations are its commitment to organic natural products, to maintaining natural areas and to ensuring that the Lebanese population and products are supported and put out on the map, whilst making its products available and affordable to everyone. The company established a massive environmental village in the town of Koura, Tripoli in Lebanon, its home country. The environmental village caters to all forms of wellness, protects the environment around it, promotes the clients' well-being and invites them to try everything that is natural. At the same time, the company hires only Lebanese citizens in an effort to decrease unemployment. Additionally, all employees are given trainings about the benefits of natural products, the utility of certain herbs around the household and more.

At the same time, the company offers their products at extremely affordable prices, allowing different segments of the population to purchase these products. All of the company's accounts and prices are in the Lebanese Pound, in order to improve its valuation and presence in the national economy. With all the efforts described above, «Khan Al Saboun» is an excellent example of how CSR can be integrated within a business model and a mission statement, transcribed in the

*«Khan Al Saboun» — the eminent soap and cosmetics maker in Lebanon.

minds of all employees and clients, without having to be publicized or spread out on billboards [12].

Conclusion. The study allows to conclude that the theory and practice of CSR in Lebanon is actively developing. The features of CSR implementation are the following:

active social position (most of socially responsible practices are aimed at development of culture, education, sports activities, and support for certain social groups);

focus on personnel development and training;

emphasis on various ecological measures and children support.

The main results of CSR actions are: (1) improving the image of the company, loyalty of consumers and business partners, (2) enhancing corporate management, (3) improving competitive advantages of companies, (4) increase of company benefits (increased profits, inflow of qualified staff).

As is clear from the academic research reviewed, the CSR directions and benefits are currently subject to active scientific exploration. Our study of the Lebanese experience has shown that Lebanese companies make successful steps to develop and implement CSR practices, while the Lebanese market appears to be ready to adopt them. The key considerations that can be drawn from our analysis are the following. The companies need to customize and align their CSR efforts and principles with those of the target market and internal corporate culture; they have to begin the CSR efforts from the corporation itself and try to engage employees in CSR activities. It is also important to involve clients in the CSR practices and make them feel part of the cause. Creation of funds, institutions and legal organizations that would monitor and enforce CSR measures could contribute to wider spread of the practices concerned. It is necessary to understand the drivers and barriers of CSR globally, the importance of consumer perception for the success of any CSR effort, the readiness level of countries such as Lebanon to adopt CSR measures and reap their society-wide benefits.

References

1. A Literature Review of the History and Evolution of Corporate Social Responsibility / M. Agudelo [et al.] // International Journal of Corporate Social Responsibility. — 2019. — N 4 (1).
2. *Heijase, H. J.* Corporate Social Responsibility Impact on Consumer Decision / H. J. Heijase, H. Fadi, A. Al Dirani // The Journal of Middle East and North Africa Sciences 3 (2). — 2017. — P. 3–20.
3. *Asemah, E.* Business Advantages of Corporate Social Responsibility Practice / E. Asemah, R. Okpanachi, L. Edegoh // A Critical Review. New Media and Mass Communication. — 2013. — N 18. — P. 45–52.
4. The Impact of Corporate Social Responsibility on Customer Attitudes and Retention — the Moderating Role of Brand Success Indicators / J. Van Doorn [et al.] // Marketing Letters. — 2017. — N 28 (4). — P. 607–619.
5. *Doda, S.* The Importance of Corporate Social Responsibility / S. Doda // Journal of Sociological Research. — 2015. — N 6 (1).
6. *El-Annan, S. H.* The Impacts and Implications of ISO 26000 «Guidance of Social Responsibility on the Lebanese Industries» / S. H. El-Annan, M. Kh. Chamas // IOSR Journal of Business and Management. — 2017. — N 19 (02). — P. 75–82.
7. *Schiefelbein, K.* Using the Right CSR Communication Strategy: The Impact on Consumer Attitude and Behavior [Electronic resource] / K. Schiefelbein // University of Twente. — 2012. — Mode of access. — https://essay.utwente.nl/62190/1/MSc_K_Schiefelbein.pdf. — Date of access: 10.12.2019.
8. *Mhanna, N.* The Role of Top Management in Promoting Corporate Social Responsibility (CSR) in Lebanese Small and Medium Enterprises (SMEs) [Electronic resource] / N. Mhanna // AUB Libraries. American University of Beirut. — 2014. — Mode of access. — <https://scholarworks.aub.edu.lb/bitstream/handle/10938/10210/pj-1820.pdf?sequence=1&isAllowed=y>. — Date of access: 10.12.2019.

9. *Agudo-Valiente, J.* Corporate Social Responsibility Drivers and Barriers According to Managers' Perception; Evidence from Spanish Firms / J. Agudo-Valiente, C. Garcés-Ayerbe, M. Salvador-Figueras // *Sustainability*. — 2017. — N 9 (10). — P. 1–24.
10. *Sharapkova, A.* Corporate social responsibility in organizations of the Republic of Belarus: review of practices and elaboration of methodological instruments / A. Sharapkova, A. Vankevich : The paper of the 2nd Anniversary International Conference «CSR: University Builds the Country», September 11–14, 2015. Prague, Czech Republic, 2016. — P. 81–90.
11. Fransabank. 2018 Corporate Social Responsibility: Annual Report. — Fransabank.
12. Khan Al Saboun Webpage. Our Story [Electronic resource]. — 2019. — Mode of access: <http://khanalsaboun.net/our-story/>. — Date of access: 10.12.2019.

НЕСРИН ХАФЕЗ ХАРФУШ

СОВРЕМЕННОЕ РАЗВИТИЕ КСО-ТЕОРИЙ И ПРАКТИКИ В РЕСПУБЛИКЕ ЛИВАН

Об авторе. *НЕСРИН Хафез Харфуш* (nesrine.harfoush@icloud.com), аспирантка кафедры экономики и управления Белорусского государственного экономического университета (г. Минск, Беларусь).

Резюме. Анализируются основные направления исследования корпоративной социальной ответственности (КСО) в Ливане. Дифференцированы эффекты практики внедрения КСО по четырем направлениям: экономические показатели (улучшение управления бизнес-рисками; повышение доверия покупателей за счет контроля качества; рост инноваций, конкурентоспособности и улучшение позиционирования на рынке; экономия ресурсов в долгосрочном периоде; улучшение управления в цепочках поставок; дополнительный доступ к капиталу; улучшение имиджа организации); социальные результаты (улучшение технологий формирования и развития персонала; формирование современной корпоративной культуры, ориентированной на изменения и инновации); политические результаты (инвестирование в корпоративный социальный капитал внутри сообщества); экологические показатели (экологически чистое производство и потребление). Практические аспекты развития КСО в Республике Ливан рассмотрены на примере анализа социальных отчетов двух известных ливанских предприятий — «Франсабанк» и «Хан Аль-Сабун». В результате исследования сделан вывод о том, что теория и практика КСО в Ливане активно развиваются. Особенности практической реализации КСО в Ливане являются: активная социальная позиция; фокусирование внимания на развитии персонала; реализация экологических мероприятий. Основные результаты КСО-акций: улучшение имиджа компаний, формирование лояльности потребителей и деловых партнеров, улучшение корпоративного управления и др.

Ключевые слова: корпоративная социальная ответственность; результаты внедрения КСО; Республика Ливан.

УДК 339.13 (569.3)

*Статья поступила
в редакцию 27.01. 2020 г.*