Stakeholder Preferences for Particular Corporate Social Responsibility (CSR) Activities and Social Initiatives (SIs)

CSR Initiatives to Assist Corporate Strategy in Emerging and Frontier Markets

Virginia Munro

Aligning CSR with core business is one of the greatest challenges multinational corporations (MNCs) face, alongside the ability to measure and report ‘social good’ to stakeholders. The current study examines stakeholder preferences for particular CSR activities and SIs, in the emerging markets of Middle East and North Africa (MENA) and Middle East and Africa (MEA). Three MNCs with offices throughout MEA participated across four nationality groups typical of the region (MENA, Asian, Sub-Saharan Africa and Western Expatriates). Results show significant differences across nationalities. For example, respondents from the Asian nationality group rated Environmental SIs highest, and MENA respondents rated SIs related to Local issues higher, than all other groups. Individual SIs were selected relative to a respondent’s country of origin or host country, providing a strong argument for different CSR strategy and SI selection within regions where different nationalities reside. Confirming past research, differences also exist between emerging and emerged markets globally. As a result of these findings, recommendations are made for dissemination of CSR strategy tailored to: nationalities; host country; and an immigrant or expatriate’s region of origin.

Virginia Munro has achieved significant corporate and cultural experience as a business consultant and academic researcher in developing countries and emerging markets, including Asia, the Middle East and Africa. She is hoping to continue her current research in CSR and is looking for research synergies, partnerships and funding to continue her CSR-related projects in Asia, the Middle East, Africa and South America.
Historically, various scholars and strategists have disagreed about the extent to which CSR should be seen as a way for companies to ‘give back’ to society. In contemporary society, it would be unthinkable for a corporation to declare publicly that its only goal is to make money, above all else. This approach however was widely accepted in the 60s and 70s and promoted by Milton Friedman as the ‘supreme goal (of) increasing the economic value of the company for shareholders. Other social activities that companies engage in (are) only acceptable if prescribed to by law’ (Mele, 2008).

In more recent times, Friedman’s Stakeholder Value Theory (SVT) is examined alongside ‘Beyond Profit’ themes (Schwartz and Saia, 2012), with many researchers wishing to expand beyond current models (Lopez-De-Pedro and Rimbau-Gilabert, 2012). Increasingly today, corporations focus on balancing the needs of society and the environment, against the need to make profit (Ilhen, Bartlett and May, 2011).

This is aligned with Corporate Social Performance (CSP) theory. CSP, defined as ‘the configuration in the business organization of principles of social responsibility, processes of response to social requirements, and policies, programs and tangible results that reflect the company’s relations with society’ as quoted by Wood (1991), and Corporate Citizenship, described by Matten and Crane (2005) as the administration of individual citizenship rights—social, civil and political—conventionally granted and protected by governments (p. 166). Carroll (1998) also addresses the relationship between companies, individuals and stakeholders utilising the four faces of Corporate Citizenship—economic, legal, ethical and philanthropic.

Relative to this is the work by Hess, Rogovsky and Dunfee (2008) who focus on ‘corporate community involvement.’ They label these initiatives ‘Corporate Social Initiatives’ (CSIs), connected to the ‘core’ underlying value of the firm. Utilising CSP theory and refining the acronym CSIs to Social Initiatives (SIs), the current paper defines SIs as ‘activities relating to the needs of: society; the environment; and the community—surrounding the company’s geographical location and market areas. These discussions also fit a systems theory paradigm (Ludescher, Mahsud, Prussia, 2012) giving strategic value to social responsibilities and a company’s selection of such. This is an approach gaining strength across industries (Fernandez, 2011).

The following literature review outlines why stakeholder perspectives and preferences are of great interest and importance to corporations wishing to gain stakeholder acceptance, understanding and respect and why this should be examined across different markets and nationalities. The current study builds on existing literature, by providing an ‘original’ questionnaire to examine stakeholder preferences and perspectives across nationalities for particular SIs. This will help create CSR strategy in line with stakeholder approval in the emerging markets and developing regions, such as the Middle East and North Africa (MENA), and overall in Middle East & Africa (MEA), and provide CSR implementation recommendations to multinational corporations (MNCs) operating in these markets.
The following theories and concepts are also examined: Intuitional Logic, CSP Theory, Social Entrepreneurship, Corporate Citizenship, Market Orientation theory and Social Marketing models.

**Literature review**

**Gaining trust and partnering with NGOs and other stakeholders**

Organisations are increasingly concerned about how their actions affect environment and social welfare (Sprinkle and Maines, 2010). In current times corporations need to be extremely knowledgeable of stakeholder perspectives and levels of understanding. The 2008 ‘economic crisis,’ followed by the release of new and escalating carbon levels continue to prompt large-scale public criticism of the activities of governments, banks, large corporations and MNCs—and their contribution to combat these issues.

Edelman Trust Barometer (2013) reports for the sixth year in a row that NGOs are the most trusted institution, with banks and financial services as the least trusted industries globally. In particular there is a global dip in trust for banks from 56% in 2008 to 45% in 2013. Of interest, the Edelman Trust Barometer (2011) reported that 70% of respondents trust a company more when it partners with an NGO. Academic research has since confirmed that the number of companies partnering with NGOs is on the rise and these partnerships are becoming increasingly more sophisticated across the globe (Baur and Schmitz, 2012; Baur and Palazzo, 2011).

Despite the current economic downturn, corporations are increasingly shifting toward ‘social purpose’ (Paunescu, 2012, p53). Harwood, Humby and Harwood (2011) report that social and community-based programmes are on the increase regardless of economic recession. Their interviews of 121 executives regarding their CSR plans, found 90.8% predicting an increase in environmentally responsible activity and 88.3% predicting an increase in socially responsible actions over the next five years.

This is also likely to increase trust over time, in these organisations.

A shift toward ‘social purpose’ is also a wish of emerging generations with 78% of millennials (born 1979–2001) believing companies have a responsibility to make the world a better place (2006 Cone Millennial study, cited in Ramasamy and Yeung, 2009). Yet when European and US consumers are asked how much they trust institutions to act in the best interests of society, they place large global corporations at the bottom of the list (Boulstridge and Carrigan, 2000). In the Edelman Barometer (2013) report, there is also a decrease in trust of leaders. Trust in business is 32 points higher than trust in business leaders and trust in government is 28 points higher than trust in government officials. This is of concern, as leaders are often the spokesperson for organisations, including matters regarding CSR.
Millennials are referred to in this paper with regard to the current social media explosion and the general access to corporate activities and those of their leaders, over the Internet. These activities are increasingly scrutinised by citizen journalists and bloggers and across Twitter and other forms of social media. The Economist (2012) and Edelman (2013) both report social media as a key theme for public relations and CSR strategy going forward.

In addition, consumers are increasingly interested in the origin of products and the transparency of the supply chain. As a result many organisations are willing to indicate their CSR and ethical selections (Strategic Direction, 2011) in their communications materials. It is clear that firms increasingly operate in a ‘capital market, a product market and a market of social pressure directed at them by social activists, NGOs and government’ (Baron, Harjoto and Hoje, 2011, p1). What’s more, some of the leading management and marketing academics agree that companies should advance their social benefits to improve public perception, public credibility and image (Porter and Kramer, 2011).

The perspective of stakeholders and an understanding of their needs, is therefore of utmost importance. Corporations today need to be extremely knowledgeable of their stakeholder perspectives and their preferences for particular CSR activities and social and community initiatives. The current study addresses these themes.

Models for social CSR and the ‘public good’ alongside selection of SIs and CSR activities

Since the establishment of the UN Global Compact in 2000, business initiatives have increasingly gone in the direction of the ‘public good’. The UN Global Compact embraces a strategic policy initiative for businesses that are committed to aligning their operations and strategies with universally accepted principles in the areas of human rights, labour, environment and anti-corruption (UN Global Compact, 2012).

This fits Institutional Logic theory, whereby companies are ‘a vehicle for advancing societal goals’ (Kanter, 2011, p66). Professor Kanter lists five facets of logic for organisations: a common purpose; a long-term focus; emotional engagement; partnering with public innovation; and self-organisation.

Naglen (2012) confirms a new type of thinking or ‘expanding consciousness,’ listing CSR within a definition of ‘social entrepreneurship, corporate sustainability, inclusive business, conscious capitalism and sustainable development’ (page 3). A growing number of socially motivated entrepreneurs have been creating new kinds of organisations that ‘combine a social mission with a business engine’ (Sabeti, 2011) by creating and assisting social enterprises. One example of this is helping to set up sustainable businesses in communities where an organisation may reside. This type of social entrepreneurialism is increasingly being studied alongside CSR and most recently in emerging markets such as Romania and Slovenia (Ahmad and Ramayah, 2012; Crisan and Borza, 2012; Doina and Alexandru, 2011).
The CSR definition referred to by Melo and Garrido-Morgado (2012) expands on the original definition of Carroll (1979), placing social and environmental components of the CSR definition ahead of other CSR categories utilising a five dimensional construct for CSR. This construct includes more components than the original definition: employee relations; diversity issues; product issues; community relations; and environmental issues.

Social entrepreneurialism is therefore an excellent construct for strategies involving SIs, as it embraces the entrepreneurial nature of combining corporates with initiatives, which are socially bound within a community and social context. The five dimensions suggested by Melo and Garrido-Morgado (2012) and the five facets listed by Kanter (2011) are included in the underlying themes and selection of SIs in the current study.

Leisinger (2007) also adds to the traditional definition of CSR, placing philanthropic activities at the top of his ‘corporate pyramid’ model—as the ‘can’ dimension; going beyond legal norms as an ‘ought to’ dimension; and listing legal and regulatory as a ‘must’ dimension. Philanthropy is referenced among ‘discretionary’ business responsibilities (i.e. a voluntary decision of management).

Integration of CSR philanthropic activities and social responsibilities (and SIs reflecting this) must be connected to the company’s overall corporate strategy and integrated with the stakeholder’s vision.

Bronn and Vrioni (2001) and Porter and Kramer (2006) agree that integration of CSR activity and SIs strengthens the firm’s long-term competitiveness and image. This supports a Marketing Orientation (MO) perspective, whereby CSR is embedded in overall strategy beyond profit maximisation and includes long-term business survival alongside meeting societal needs and expectations (Balmer and Greysner, 2006). The MO assumption is based on the understanding that firms gain and sustain competitive advantage by attending to the needs of the dominant stakeholder alongside meeting the needs of a changing market. It also asserts that CSR is central to an organisation’s effectiveness (Brik, Rettab, Mellahi, 2011; and Narver and Slater, 1990).

The emphasis on CSR strategy meeting societal expectations also fits with the perspective of Hess et al. (2008), which focuses on ‘corporate community involvement,’ and labels initiatives as ‘Corporate Social Initiatives’ (CSIs), connected to the core underlying values of the firm. Hess et al. (2008) tested 1000 everyday Americans and reported 43% selecting ‘donating products and services’ as most impressive, followed by 37% selecting ‘volunteering employees to help,’ contrasted with only 12% selecting ‘giving large sums of money.’ This confirms involvement at a grass roots level for CSR activities may be preferred over throwing (one-off) cash donations at causes unrelated to ‘core’ company directives and services.

In contrast to using the term, CSIs, a similar study with mixed results refers to a corporate’s Social Services, primarily as volunteerism, and as the key issue of a CSR programme. Knutson (2012) for example, found that 45% of companies considered Social Services (volunteerism) as the top issue for their CSR programmes, while 44% consider environmental causes as the main
issue. Community development was ranked third at 40%, followed by health related services.

Another study supporting the strength of volunteerism as a key CSR activity or initiative is that of Runte, Basil and Runte (2010), who found that company support for employee volunteerism (CSEV) is one way that companies can meet the escalating expectations for CSR. In their study, which examined businesses in different parts of Canada (French speaking and English speaking), they also confirmed that support for both CSEV and CSR differed significantly across regions, where cultural differences exist.

The above findings of Hess et al. (2008), Knutson (2012) and Runte et al. (2010) fit a ‘Social Marketing’ (SM) model, which includes promoting long-term sustainable programmes, corporate volunteering and providing resources and staff for community or Social Initiatives (SIs). Social Marketing (SM) then uses the benefits of doing ‘social (and community) good’ to secure and maintain customer engagement (e.g. Brown and Dacin, 1997 and Handelman and Arnold, 1999).

It is essential therefore that a variety of Social Initiatives (SI) be examined within an SM and MO model, and be tested in the academic literature for CSR. This approach links the firm’s capabilities with the opportunities presented in the external environment ... scanning the environment to provide the greatest benefits to the community (Collis and Montgomery, 1995). These opportunities are listed as SIs in the current model utilised by this study.

**MNCs and stakeholders in regional and emerging markets**

As a multi-speed recovery from the downturn accelerates progress towards a multipolar world in which economic power is more widely dispersed, the emerging markets will play a critical role in the future success of multinational companies. As one looks towards the next decade, and new waves of growth, it is clear that CEOs are beginning to recognize the scale of the challenge they face in aligning sustainability with core business (Lacy and Hayward, 2011, p348).

With the increase in MNCs leaving their footprint in emerging economies (Reimann, Ehrgott, Kaufmann, Carter, 2012), their stakeholders (and employees) are of increasingly varied cultural backgrounds and nationalities. It is therefore more important than ever that business leaders scan the environment to provide the greatest benefits to the community, as Collis and Montgomery (1995) suggest.

Dam and Scholtens (2012) state management must always ‘take the background of their stakeholders into account in relation to CSR strategy,’ and as a top priority, consider how they create ‘social value next to stakeholder value’ (p233). This emphasises a move toward a system’s theory paradigm suggesting that corporations be solely construed in terms of ‘the people’ who impact them (Ludescher et al. 2012). Various studies however have indicated that stakeholders may be disenchanted by CSR projects not deemed appropriate for the firm (Dahl and Lavack, 1995; Deng, 2012; Dowling and Moran, 2012; Duncan, 1995;

A recent report by McKinsey (2012) recommends that ‘firms pursuing CSR initiatives be open about their business goals and choose CSR activities with results that will be apparent to stakeholders’ (p14). In addition, a study by Mostovicz, Kakabadse and Kakabadse (2011) reveals the importance of understanding shareholder needs and taking this into account as part of global corporate decision-making to devise better CSR practices—aligning actions to their own values. This also assists with portraying a consistent CSR strategy to the market and stakeholder audience.

Examining the argument for an SI approach and following the academic literature for components of CSR research (Matten and Moon, 2006; Maignan, 2001; Podnar and Golob, 2007; Ramasamy and Yeung, 2009), the current study proposes that different types of stakeholders and different nationalities may prefer some SIs over others, as has been found for regional differences for components of CSR in current academic literature.

The above research would therefore suggest that CSR strategy and the selection of SIs must be relative to a corporation’s geographical setting and the economy it is situated within. Given the social, educational, community and employment needs in developing countries and emerging markets, it is important to be loyal to the region in which an MNC is located when gaining shareholder approval in foreign markets.

Supporting this, research by Peters, Miller and Kusyk (2011) states there is no comprehensive, ‘one size fits all’, global corporate governance or CSR system, and what is available is based on Western codes and regulations. They propose that alternative corporate governance and CSR systems that reflect the institutional realities of emerging economies and settings, be taken into account (p429). Confirming this, Popoli (2012) states CSR strategy must incorporate the Social Initiatives (SIs) that fit the ‘local’ society where the organisation is operating, and adopt an explanation for this in their CSR strategy.

Consistent with this is the research of Visser (2008) and Azmat and Zutshi (2012), which concludes that the difference between developed and developing economies is primarily based on the country or region’s rationale and focus on CSR. Their observation reports that in developing countries social issues are generally given more political, economic and media emphasis than environmental, ethical or stakeholder issues and that there still remains a strong emphasis on philanthropic traditions focused on community development (Visser, 2008).

A more recent study analysing over 500 ‘Fortune 500’ companies found that in the European sample, companies that employ more Women were also considered to employ a more diverse workforce, and tended to also exhibit a higher concern for climate change (Ciocirlan and Pettersson, 2012). This suggests that stakeholders bind together particular areas of ‘doing good,’ for example: business mentoring women or employing more women; and seeing a need for ‘greener’ activities overall. The current study examines this when it compares different levels of preferences across a variety of SIs grouped under dominant themes.
More specifically, regarding MNCs in global regions, Azmat and Zutshi (2012) examined the relationship between ‘home-country culture’ and institutional environment for perceptions of CSR for Sri Lankan immigrant entrepreneurs in Australia and found their findings consistent with Hamilton, Dana and Benfell (2008), whereby, immigrant entrepreneurs adjust their beliefs, values and norms to acclimatise to their ‘host country’ but at the same time maintain links to their traditional culture.

It is therefore important that MNCs select a CSR strategy and SIs relevant to the ‘host countries’ they operate within, and that they also select SIs relevant to the tradition and culture that their expatriate stakeholders or immigrants may be originally from. Research by Campbell, Eden and Miller (2012) reveals that this is not always the case. They instead found that ‘foreign affiliates from more distant home countries are in fact less likely to engage in host-country CSR’ (p84).

Expectations with regard to cross-cultural sensitivities has begun to creep into the CSR literature with studies such as Paul, Meyskens and Robbins (2011) for example, that concludes: managers must ‘balance competing expectations’ and ‘maintain the corporation’s social and ethical norms while being open to and adaptive to diverse cultural expectations’ (p1). Supporting this are the findings of Okpara and Wynn (2012), who found that an assessment of stakeholder perceptions toward CSR may increasingly influence top management’s decisions to respond in an encouraging manner to CSR initiatives and this includes adapting to diverse cultural expectations.

Religious practices and regional differences

Traditionally, religion has had a role in shaping and enforcing ethical behaviour such as truthfulness, honesty and social justice (Rizk, 2008, p204). Past researchers have noted that religion is ‘one of the more frequently mentioned determinants of the moral values that underpin ethical standards’ (Emerson and Mckinney, 2010, p2).

Included in the group of Gulf Cooperation Countries (GCC) are: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. Ronnegard (2012) argues that religious values permeate GCC societies far more than in the West. With the tradition of local ‘gifting’ (Zakat), being prominent in Islamic societies and part of the Quran as one of the five pillars of Islamic religion, this has a particular influence on the shape of CSR in regions such as the GCC, MENA and MEA, where Islam is the predominant religion.

In Islamic thought, for example, individuals and organisations are expected to feel socially responsible for others in the community (Rizk, 2008, p209). According to The Universal Foundation (2012), the faith of Islam prescribes charity and goodwill towards all of mankind and emphasises the need for individuals to help those less fortunate than themselves. Islam also emphasises the welfare of the community over individual rights.

While most of the major religions in the world support giving to charity or require their followers to give to charity, this is most explicit in Islamic
society, and is expressed in the institution of Zakat, which supports the weaker members of society (Brammer, Williams and Zinkin, 2007). Zakat can also be defined as a ‘wealth tax’ comprising compulsory charitable giving for specially designated groups in society (Brammer, Williams and Zinkin, 2007). Where Muslims live under a non-Islamic government, Zakat must still be collected from Muslims and spent for the ‘good of society’ (Rizk, 2008, p209).

Authors working in the region confirm that Zakat is utilised as a form of corporate donation generally to a charity organisation or needy individuals (Zorzopoulos, 2006 and Ronnegard, 2010), and is most forthcoming during the Muslim holy month of fasting (Ramadan). The blessed month of Ramadan is known especially as the month of generosity and giving (Islamcan, 2012). Therefore, not only do Muslims give their time to Allah at Ramadan, with fasting and prayer, they also give their material goods or ‘gift’ as a way of celebrating Ramadan (Vanguard, 2012).

**Culture and issues specific to MENA and MEA**

Several authors note that Philanthropy and charitable giving are common manifestations of an organisation’s social agenda in Middle Eastern countries, whether they are part of a CSR programme or an individual activity of corporate citizenship for societal improvement (Khan, 2007). Hence, ‘gifting’ is also done at a personal and individual level. This is also confirmed by Guermat, Al Utaibi and Tucker (2003) who state that Zakat is seen as a personal duty rather than a corporate one (Guermat, Al Utaibi and Tucker, 2003). However, if local ‘giving’ and religious beliefs are so strongly upheld at a personal level, this must also influence and enhance this type of activity at a corporate level. The current study examines this.

Corporations in the United Arab Emirates (UAE) in the MENA region, for example, generally tend to donate to local and regional causes, when they arise, such as the plight of children in war torn Iraq, Gaza Strip and Palestine (Ronnegard, 2010). Anecdotal evidence reported by Ronnegard (2010) suggests that the very concept of CSR is ‘understood by local businessmen as a corporate form of Zakat’ (p10), hence, CSR is seen as synonymous with Corporate Philanthropy.

Also of importance in MENA are particular health issues such as obesity and diabetes (Al-Matroushi and Fikry, 2005; Arabian Business.com, 2011), which are: increasingly common in the region; considered to be escalating; and therefore gaining public interest as a local and regional need.

Issues relating to youth are also particularly relevant to the MENA region. Young people in MENA are the highest proportion of the population (Washington Post, 2011). Nearly one in five people in the MENA region are defined as ‘youth’, that is those aged between 15 and 24 (Assaad and Roudi-Fahimi, 2007). Generally in the GCC region, youth populations are high, for example 61% of Saudi Arabia is under the age of 25 (Khan, 2007) and citizens of the UAE are very young, with 45% below the age of 15 (National Human Resource Development Authority, 2005).
The countries of the MENA region therefore have a huge challenge to educate their youth and provide enough jobs for such a young and emerging population. This leads to concern about future employment for this generation and wherever possible there is an intense focus on training and creation of employment opportunities for youth in the region. The UAE for example has an ‘Emiratisation’ process, which is a national effort to educate and prepare young Emirates for the work place as well as securing jobs for them (Ronnegard, 2010).

Emiratisation also connects to corporate philanthropy whereby donations are sometimes used to sponsor job-training programmes (Ibrahim and Sherif, 2009) and staff volunteer to assist with mentoring and training.

Culture can also influence levels of CSR activity, and CSR reporting and disclosure. For example, Culture governs how individuals perceive their responsibilities and carry out their duties, and has long been recognised as a likely determinant of business practices and ethical values (Hofstede, 1980 and Rizk, 2008). Increasingly, Indigenous culture is being integrated into CSR strategy to allow consumers and employees to connect to the brand, firm or service characteristics of the corporate in a more meaningful way. Air New Zealand, for example, recently included Indigenous Maori culture in their CSR strategy and selection of Social Initiatives (SIs), receiving a positive response from stakeholders (Rigby, Mueller and Baker, 2012).

For MNCs, this requires researching the different Indigenous cultures and religious beliefs and practices of each region they are in, and mapping this on to their selection of CSR activities, Social Initiatives (SIs) and CSR strategy. The people of the MENA region, for example, and in particular the UAE, have deep roots in Bedouin culture—the indigenous people of the region. This culture includes a traditional mantra of ‘attending to your people’ (Soubra, 2006 and Ronnegard, 2010), which has come down through the generations.

Another issue for the region is addressing environmental concerns. The more developed parts of the MEA region, and primarily MENA, have large carbon footprints with the world’s largest carbon footprint per capita in the UAE (WWF, 2008). Much of this is due to living in a desert area, where: sea water is desalinated before use; air conditioning is needed in temperatures over 40–50 degrees Fahrenheit; and much water is required to ‘green’ areas (lay grass, plant trees and gardens). All of this requires large amounts of energy to generate and produce. In the past this may just have been accepted as part of living in the desert, as Environmental management has not been considered high priority in CSR issues by local companies in the UAE (Zorzopulos, 2006).

However, in more recent times, Environmental issues have been promoted by the government, announcing a three-year initiative to develop science-based policies to reduce the ecological footprint (WWF, 2012). In addition, the large green community, Masdar City, has been developed. The region also hosts the annual World Energy Summit and was also recently made headquarters for the International Renewable Energy Agency (IRENA).

While models of CSR are still being debated, in the MENA and MEA regions, CSR is referred to as a growing phenomenon and increasingly this is the case in developing and emerging economies. Employee involvement in particular is on
the rise (Tripathy and Rath, 2011). Involving employees as an important group of stakeholders in the CSR plan is extremely important for producing overall business sustainability—plus internal recruitment, retention and external brand value (PR Week, 2011).

Much discussion about CSR however concerns the corporation’s effect on society which sometimes leads to its internal stakeholders (employees) being forgotten. Because employees are typically the holders of a company’s core competencies this is particularly relevant to companies in the region who often have the added difficulty of employing off-shore and retaining staff in foreign countries (Ronnegard, 2012). Taking into account the perspectives of internal stakeholders (employees) in the region is therefore very important.

Another predominant feature of the developing regions of MENA and MEA is the large number of Expatriates employed in advisory roles or to assist in numerous types of business including MNCs. In the UAE for example, Expatriates make up 80% of the population, and are therefore an important part of the market for an MNC to acknowledge. They also tend to see themselves as temporary visitors and may therefore have less concern for local issues (Ronnegard, 2010).

The current study looks at the perspective of the stakeholder both as an employee and as a public citizen, asking them what CSR and SI activities they prefer companies (in general) to support. This emphasises a system’s theory paradigm, which suggests that corporations be solely construed in terms of ‘the people’ who impact them (Ludescher, Mahsud, Prussia, 2012).

**Sustainability reporting in emerging markets**

Sustainability reporting refers to the coverage by firms of non-financial factors related to environmental, social and governance issues. The trend to provide sustainability disclosures continues to grow amid pressure from stakeholders for more corporate accountability (Borkowski, Welsh and Wentzel, 2012). Despite the economic uncertainties in many industrialised nations, there is an increasing trend of CSR reporting worldwide (KPMG, 2011).

Chetty (2011) also reports that the improvement of social accounting and sustainability reporting in business enterprises has been accelerated by: globalisation; expansion of MNCs; and privatisation of economic forces. Large differences exist, however, across regions for levels of reporting and types of disclosure (Borkowski et al. 2012; KPMG, 2011). Preuss and Barkemeyer (2011), for example, found large differences in reporting of CSR activities, and the amount of disclosure regarding sustainability in emerged and emerging markets.

Wong (2008) states that there is an emerging convergence towards best-practice standards for corporate governance globally, but there is also recognition that no single model of governance can exist. He argues that the prevailing legal and institutional forms in the East mitigate against effective governance systems and practices, suggesting that cultural, historical and institutional factors and contexts are critical influential factors in developing better practices (p149).
MNCs operating in emerging markets and in less developed countries therefore, work in a context of differing levels of reporting attached to the different categories recommended by the Global Reporting Initiative (GRI). First established in 2006, several researchers have suggested the importance of these standardised measures and incorporating the Global Reporting Initiative (GRI) guidelines into future research methodologies. Further development has seen G3 guidelines list Performance Indicators under Economic, Environmental and Social categories, and the Social category is further divided into Labour, Human Rights and Product Responsibility subcategories. More recently the G3.1 Guidelines (2011) expanded to include guidance on reporting of human rights, local community and gender, with further expansion of categories expected in the G4 (2013) Guidelines, to be rolled out toward the end of 2013.

The GRI Social category (G3) and G3.1 category measures in general, are more elusive concepts for managers as they are difficult to measure numerically (Mahon and Wartick, 2012), suggesting that corporations need to go beyond input-level metrics in measuring success and look at performance monitoring their NGO activities (and initiatives) alongside their corporate work (Hansen and Spitzeck, 2011).

Hence, to properly manage stakeholder relationships and reputation, the company needs to adopt CSR as an integral part of a company’s mission (Bronn and Vrioni, 2001, p.219), which is both measureable and relevant to stakeholders. The current study hopes to obtain clarity on more effective strategy that addresses these issues.

Some of the more typical Social Initiatives (SIs) adopted by companies are already recommended by the Institute of Social and Ethical Accountability (ISEA) and Global Reporting Initiative (GRI) under the Social category, others are still being developed for use by large MNCs with an increasing number of small to medium enterprises (SMEs) taking on the challenge.

As GRIs are further developed and adopted for CSR Reporting it is likely that more corporates will feel a responsibility to report their Social Initiatives (SIs), alongside carbon emissions and corporate governance, which are currently more often reported.

In terms of reporting, however, social responsibility and ethical business conduct as previously mentioned, are considered to be mostly intangible. The perception of the overall brand (and company’s image) therefore instead becomes a guarantee for the communicated social values (Mark-Herbert and von Schantz, 2007) and stakeholder understanding of CSR. As ‘Intangible’ means difficult to measure, CSR Reporting, as it develops, will provide more exact measures for SIs.

Hence, current difficulty with CSR Reporting is not reporting robust indicators like carbon measurements and company emissions. Instead, the challenge is to measure key performance indicators (KPIs) for SIs like employee/human rights issues or kindness to animals for example. Action may speak louder than numbers in the interim, as just having a company list their SIs (and CSR activities) in CSR Reports, with or without numbers, will ultimately create greater awareness and understanding of these intangible components.
Even more important—if good companies are rewarded for good deeds—this in turn will encourage other companies to follow suit in creating value for the community (Stoll, 2002, p121).

The current study expands on the current G3 list of recommended initiatives and adds local and global community categories to the selection of SIs tested. There is however a scarcity of literature examining SIs and stakeholder preferences for the particular SIs listed in the current study. The SIs selected are related to G3 variables and are also specific to the MNCs analysed and the MENA and MEA region. The current study therefore examines a range of 24 SIs relevant to contemporary social welfare issues, community initiatives, workplace concerns and environmental activities relative to G3, MNCs and the region.

The variables listed in the preceding sections, in relation to religion and culture and issues relevant to emerging and developing regions—such as mentoring women, youth and the unemployed in business; the desert environment; local ‘gifting’; working with NGOs; health issues; and supporting war torn areas—are specific to the current study and part of a broader list of SIs examined.

**Research gaps**

As mentioned above there is a scarcity of literature examining the broad range of SIs related to G3 Performance Indicators and those SIs which are specific to the MENA and MEA regions studied. Some of the more typical SIs recommended by the ISEA and Global Reporting Initiative (GRI) have been examined and some are still being developed.

The current study attempts to expand on current literature by looking across a range of 24 SIs relevant to today’s Social, Community and Environmental issues that are also: related to G3 Performance Indicators; relevant to what a corporation could select; and may also be related to their ‘core’ business. This has not been examined in this detail before in the MEA region. The current study provides this opportunity and utilises an ‘original’ questionnaire for this purpose from an independent analysis of MNC and corporate CSR activities listed online for their CSR strategy. A broader explanation of this is included in the ‘Questionnaire design’ section of this paper.

In addition, the majority of CSR research has been conducted among ‘customers’ as a random selection of the general public. On the occasion when issues have been examined among ‘employees’ it has been limited to one industry sector at a time, such as Banking or Insurance (for example, Gabriel and Regnard, 2011; Maignan, 2001; Ramasamy and Yeung, 2009). Also in past studies, ‘internal’ stakeholders (employees) have not been asked questions traditionally asked of ‘external’ stakeholders (customers) and vice versa, regarding their understanding of CSR. The current study provides this opportunity.

In addition, generic CSR research to-date has primarily been conducted in developed markets: Europe and North America, and more recently BRIC, Hong Kong and China for emerging markets, but has not yet been contemplated fully.
across the MENA and MEA region. There is a demand to examine MNCs in emerging markets (Peters et al. 2011; and Reimann et al. 2012), such as MENA and MEA. This is the geographic context of the current study.

Across much of the CSR literature, there is little mention of the individual nationalities of respondents included in each sample. Hence, the current study tests multiple nationalities under four broad nationality groups typical of the MEA region (MENA, Asian, Western expatriates and Sub-Sahara), and also examines stakeholders of MNCs from three different sectors (Accounting, Law and IT), as opposed to one or two sectors. Hence, in summary, multi-sectors and numerous nationalities are examined under the umbrella of one study, in a geographic region not previously tested at this level.

Research questions

As the literature review reveals, the preferences and importance attached to particular CSR activities and SIs is relatively new to CSR research agendas.

Examining the argument from an MO and SI approach, however, and following the academic literature and research for CSR strategy and definition (Matten and Moon, 2006; Maignan, 2001; Podnar and Golob, 2007; Ramasamy and Yeung, 2009), it is proposed that different types of stakeholders and different nationalities may prefer some SIs over others, and view some as less or more important than others.

This assumption is based on the current academic research literature for CSR components and reporting of CSR, showing regional differences in emerged and emerging markets (Ahmad and Ramayah, 2012; Arli and Lasmono, 2010; Azmat and Zutshi, 2012; Crisan and Borza, 2012; Freeman and Hasnaoui, 2011; Huang and Lien, 2012; Maignan, 2001; Matten and Moon, 2006; Podnar and Golob, 2007; Popoli, 2012; Preuss and Barkemeyer, 2011; Ramasamy and Yeung, 2009; Rawwas, Ziad and Mine, 2005; Reimann, Ehrgott, Kaufmann and Carter, 2012; Singh, Sanchez, and Bosque, 2008; and Visser, 2008).

Based on this, and the current literature survey, this study asks the following research questions:

1. Do respondents tend to prefer, or see as more important, certain CSR activities and/or Social Initiatives (SIs) over others?
2. Is the selection of SIs affected by the nationality group and region to which a respondent belongs?

Research methodology

Reasoning for study design, approach and sample development

The study for this paper follows a deductive approach whereby it seeks to confirm or refute theory and research questions through its data collection. The
study also combines new indices and areas of research that have not been tested before.

_Purposive Sampling_ was utilised, whereby non-probability sampling allowed the selection to be made by the author using judgement of experience in the region, with access to certain units (Kent, 2007). Hence, MNCs based in Dubai with regional offices across MEA were approached.

**Questionnaire design**

Questions comprised Likert scales rated from one to five (where one is least preferred and five is most preferred). Demographic questions, requiring verbatim answers and a variety of answers, were converted into numerical codes.

For collection of nationalities and office location, respondents were asked to record on questionnaires:

- Their nationality as listed on their passport
- The geographic region of the office where they are located

Limited research was available for testing these particular Social Initiatives (SIs), hence an original questionnaire was designed for this study, from an extensive Internet search on CSR strategy of over 50 global corporates and MNCs practising CSR. The list also included SIs from the three MNCs tested. As a result, 24 SIs were developed for the current study, and are listed in the Appendix.

Other SIs such as _environmental_ aspects important to the region (WWF, 2012) and emerging _health issues_ have been included from the author’s knowledge of the MEA region and are backed by independent research on emerging health issues (diabetes and obesity), as current issues especially in the MENA region (Al-Matroushi and Fikry, 2005 and Arabian Business.com, 2011).

SIs were therefore selected to provide varying degrees of _local_ and _global_ importance, to detect the preference of such, and include at least one SI from the companies involved in the study.

The 24 SIs were further grouped into seven broad categories for analysis: _Environment, Employment, Needy People/Community, Volunteer Staff, Health, Local_ and _Global._

**Data collection and quantitative analysis**

Quantitative analysis was chosen above qualitative analysis due to the need to cover large geographic distances of the MEA region under the umbrella of one study. All respondents gave their informed consent to participate and remained anonymous. Respondents were given a ‘self-completed’ questionnaire and instructed to answer all questions anonymously and in one sitting to ensure responses were valid. Independent 2 Sample t-test analysis was utilised to
determine whether the means of nationality groups differed statistically from each other. As the original study examines over 90 data points, although quantitative in format, it is ‘exploratory’ in nature, to allow for ongoing longitudinal analysis.

Research results and analysis of findings

Demographics

Findings reported here correspond to $N = 251$ respondents across four nationality groups (MENA, Asians, Sub-Saharan Africa and Western Expatriates) from three sectors, Information Technology ($N = 40$), Accountancy ($N = 163$) and Law ($N = 48$). The findings for nationality groups are of particular interest for this study and is the focus of the current article.

The study comprised 29 nationalities, grouped into their corresponding country or region. Respondents were further divided into four main nationality groups typical of the region, as shown in Figure 1.

*Figure 1* Overall nationality groups across sectors ($N = 251$)

The four nationality groups are:
- $N = 60$ Western expatriates = (24%)
- $N = 50$ Asian = (20%)
- $N = 122$ Middle East and North Africa (MENA) = (49%)
- $N = 15$ Sub-Saharan Africa (SSA) = (6%)
  (N = 4 not stated)
Regarding the location of offices and respondents, UAE has the highest proportion of respondents \( (N = 91) \), followed by Lebanon \( (N = 46) \), Saudi Arabia \( (N = 22) \), Kuwait \( (N = 14) \), Turkey \( (N = 10) \), Oman and Bahrain each with \( N = 9 \), and South Africa with \( N = 8 \). The remaining countries with just one or two offices (and/or employees) are Egypt, Nigeria, Kenya, Algeria, Jordan, Qatar and Morocco.

Emerging and frontier market countries

As reported above, the majority of respondents are from the Middle East and North Africa (MENA) region (49%). The World Bank (2012a) lists the countries of MENA as ‘Arabian Markets,’ and includes: Bahrain, Egypt, Jordan, Algeria, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Tunisia and the UAE. A smaller number of countries from the Sub-Sahara region (South Africa, Nigeria and Kenya) are also included in the study. MENA is considered a developing region, alongside Sub-Saharan Africa (World Bank, 2012a).

All countries in the current study are therefore listed in the developing region, and many of them are listed as either an emerging market or frontier market. The World Bank (2012) defines an emerging market as taking steps toward developing a market-oriented economy. An emerging market economy (EME) is characterised as transitional—in the process of moving from a closed economy to an open market while building accountability within the system (Investopedia, 2013).

The emerging markets term, first coined by the IFC in 1980, represents countries with economies and stock markets showing signs that they are in the early phases of that of developed and industrialised countries (MSCI, 2012). The term frontier market was coined by the International Finance Corporation (IFC), to define a pre-emerging economy.

In the MENA region, all countries are listed as frontier markets except for Egypt and Morocco, which are listed as emerging markets (MSCI, 2012). Some are in different stages of ‘emerging.’ The FTSE lists Egypt, UAE and Morocco as a secondary emerging market, for example. Turkey is listed by the FTSE as an advanced emerging market and South Africa, as part of the Sub-Saharan sample is also listed as an advanced emerging market by the FTSE (FTSE, 2012).

The respondent breakdown of numbers into nationalities is typical of the MENA region; 28% are Asian. They are originally from the developing regions of Asia, in particular India and Pakistan or they are first or second generation MENA with parents and grandparents originally from Asia.

The FTSE (2012) lists Pakistan as a frontier market, alongside countries such as Kenya and Nigeria. India is listed as an emerging market, as is China, whereas Hong Kong, which is include in some studies in this paper, is listed as a developed market; 24% of the sample are Western expatriates and are from developed countries.

Age

The age of participants across the sample is 21–29 years (42%) and 30–39 years (42%) with just 14% aged 40–49 years and 2% aged 60+ years. Similar age groupings can be found for nationalities. MENA has the largest proportion
across the sample (52%) for the younger age group (21–29 years), with a combined 88% when including the second youngest sample category (30–39 years). The Asian sample has similar age groupings to MENA. In contrast, the Western sample has the largest proportion (70%) in the middle age range 30–39 (48%) and 40–49 (22%).

Gender and education range across nationalities
Gender across the sample is N=133 (53%) males and N=118 (47%) females, with a 6% difference. These weightings are similar for each nationality group, however Westerners have slightly more females N=34 (56%) than males N=34 (43%). The majority of the sample is university educated with 49% graduates, 39% post-graduates, 1% PhDs and 11% with high school qualifications comprising the administrative sample.

Preference and importance for specific CSR activities and/or Social Initiatives (SIs)

Figure 2 shows the means and overall results across the sample for 24 SIs. The horizontal axis lists an abbreviation of each SI. For a full listing of these abbreviations, see the Appendix.

Figure 2 Overall importance of Social Initiatives

Overall, respondents rated SIs high. Rated highest is dealing with office and factory Emissions (X = 4.534), followed by training unemployed and youth in Entrepreneurial Skills (Train. E) at X = 4.520, and Creating (local) Jobs (X = 4.518). Rated as less important was contributing to Staff Expertise (X = 4.060), giving to AIDS/HIV (X = 3.990), planting Local Trees (X = 3.94) and financing Global Forests (X = 3.91). These SIs received the lowest ratings, but are still above neutral.
The horizontal axis from Figure 2 can be utilised to assess the missing variables listed on the horizontal axis of the more compact chart for Figure 3 which skips every second variable on the horizontal axis.

Across nationalities, Figure 3 shows that SSA in particular rates training unemployed and youth in (Train) IT high, plus Mentoring young students. This is possibly because the majority of SSA respondents are from the IT sector and training in IT and mentoring young students are SIs related to their core initiatives. Independent 2 Sample t-test analysis reveals a statistical difference however for both SIs when compared to the MENA group (\(p < 0.01\), \(p < 0.05\) respectively). Of interest, Asians significantly rate dealing with Emissions and assisting Women in education and business higher than all other groups (\(p < 0.05\) respectively).

**Figure 3** Importance of Social Initiatives across nationalities

The Asian group also significantly preferred supporting Green organisations and campaigns, dealing with Emissions, planting trees locally (Local Trees) and assisting Women in education and business (\(p < 0.05\)), over Westerners. MENA also showed a statistical preference over Westerners for supporting Green and planting Local Trees (\(p < 0.01\)), which is extremely interesting given much of the MENA region is desert and the Westerners (as expatriates) typically come from origins which are generally greener. This is also consistent with some of the host country issues listed earlier (Azmat and Zutshi, 2012; Campbell et al. 2012; Hamilton et al. 2008).

Consistent with the Melo and Garrido-Morgado (2012) definition for CSR, the 24 SIs were further grouped into seven broad categories: Environment, Employment, Needy People/Community, Volunteer Staff, Health, Local and Global. This is
shown in Table 1. A full listing for the abbreviated names included in this table is provided in parentheses at the end of each question on the questionnaire listed in the Appendix.

<table>
<thead>
<tr>
<th>Enviro</th>
<th>Employ</th>
<th>Needy People</th>
<th>Volunteer</th>
<th>Health</th>
<th>Local</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions</td>
<td>Jobs</td>
<td>F &amp; W</td>
<td>Expertise</td>
<td>Cancer</td>
<td>L.Trees</td>
<td>G.Forest</td>
</tr>
<tr>
<td>Green</td>
<td>Train.IT</td>
<td>Infra S.Needs</td>
<td>Blood</td>
<td>Health</td>
<td>L.Needs</td>
<td>G.Needs</td>
</tr>
<tr>
<td>E.Youth.E</td>
<td>Train.E</td>
<td>O.Drought</td>
<td></td>
<td>Aids/HIV</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mentor</td>
<td>O.War</td>
<td></td>
<td>E&gt;Youth.H</td>
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<td></td>
<td>R.War</td>
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</tbody>
</table>

Further analysis utilising these categories across nationalities found that Asians rated Environmental SIs significantly higher ($p < 0.01$) than all other groups ($\bar{X} = 4.54$) compared to MENA ($\bar{X} = 4.38$) and Westerners ($\bar{X} = 4.19$). There is also a statistical difference for Local SIs between the MENA ($\bar{X} = 4.24$) and Western ($\bar{X} = 3.98$) sample with MENA showing a statistically higher preference ($p < 0.01$).

**Conclusion and recommendations**

Important implications for selection of SIs and CSR activity for CSR strategy development have arisen as a result of these findings and are discussed below.

Following the differences found in the CSR research literature for understanding of the traditional categories of the CSR definition—legal, ethical, economic and philanthropic (Carroll, 1979 and Leisenger, 2007)—and the differences in responses for developing and emerging market studies, it was expected that respondents would select some SIs over others and local SIs over global SIs. Both these expectations are confirmed by the current findings.

Of interest, SIs grouped under Social and/or Community were rated highest overall. This is consistent with Becker-Olsen, Cudmore and Hill (2006), Brown and Dacin (1997) and other researchers (for example, Harwood et al. 2011 and KPMG, 2011) who found the greater majority (80%) of respondents believed that companies should engage in Social forms of CSR, and 76% requested Community oriented activities. Brown and Dacin (1997) found similar high ratings for ‘Community Involvement.’ This also confirms the findings of Azmat and Zutshi (2012) and Visser (2008) that in developing countries and emerging economies Social issues are focused on more than Environmental, Ethical
and Stakeholder issues, with more of a Philanthropic and Community development focus being of greater importance.

Rated highest across the sample in order of preference included:

- Companies taking responsibility for their own office and factory waste and Emissions
- Training unemployed and youth in Entrepreneurial Skills
- Creating Jobs in the community.

It is therefore recommended that companies in the MEA region (and/or corporations or regions with similar nationalities) include these SIs in their CSR strategy, rather than less favoured SIs, such as supporting AIDS/HIV, planting Local Trees or helping finance Global Forests. As the latter SIs are still rated above neutral for preference, these initiatives could still be favoured if they are related to a company’s core business (Lacy and Hayward, 2011) and therefore fit an MO model.

Examining differences across nationalities, Asian respondents rated significantly higher than Westerners, the following:

- Supporting Green organisations
- Reducing factory and office Emissions
- Planting Local Trees
- Assisting Women in education and business

Asians also rated dealing with Emissions and assisting Women in education and business higher than all other groups. When SIs were further categorised into seven sub-categories, Asians rated Environmental related SI issues statistically higher than all other nationalities. This response is consistent with the findings of Hamilton et al. (2008) and Azmat and Zutshi (2012), for their respective host country respondents and immigrant entrepreneur research with Sri Lankans, who adjusted their beliefs, values and norms to acclimatise to the host country but at the same time maintained their links with their traditional culture.

The majority of the Asian population (primarily Indian and Pakistani nationalities) who are living and working in the MEA region originally come from developing countries and emerging economies, often with overcrowded cities and polluted environments with outpourings of Emissions. As an emerging market, Asians also tend to come from an environment and Workforce, which does not necessarily always respect human rights (such as child labour, educating Women and Women in business). As many of the respondents in the current study are Asian or first or second generation MEA, and therefore born in the region (or their home country), they may give more significance to Local issues, than Western expatriates for example (and to issues impacting on the countries that they or their families were originally from). This would also fit the immigrant research of Azmat and Zutshi (2012).
It is interesting that the majority of the Asian sample are first or second generation GCC or MENA born, meaning they immigrated to the region as a child or adult worker or their parents immigrated, meaning they were born in the region. In comparison Western expatriates are sent to the region for a particular period of time for job circumstances, which is non-family related. Hence, one would expect the results from the Asian sample to be closer to the GCC or MENA born sample as they are from a similar origin. This is the case in the current study.

As previously mentioned, research by Campbell et al. (2012) reveals ‘foreign affiliates from more distant home countries are in fact less likely to engage in host-country CSR’ (p84). This may account for lower rated SI preference responses from Western expatriates working in the region, who are frequently from developed countries and economies and are often employed only for a short time in the host country of the MNC.

Hence, these SIs represent areas or CSR initiatives that companies should consider for the large consumer and workforce base of Asian and Western expatriates in the MEA region. As previously mentioned, there are many expatriates in advisory or employment roles in MEA. As previously mentioned, the UAE is 80% expatriate who tend to see themselves as temporary visitors and generally have limited concern for local issues (Ronnegard, 2010). As the UAE is a large part of the sample of the current study, it is important to mention this here.

MNCs from more ‘distant countries’ operating in MEA must therefore select CSR strategy and SIs that are not only relevant to the host country they operate within, but they must also note the SI preferences of the Western and Asian expatriate population, alongside the preferences of the nationalities of the MENA and MEA regions.

It is extremely interesting that the utilisation of Staff Expertise in volunteer related company CSR campaigns is rated low, suggesting companies shy away from pro bono activities, especially in service based sectors (such as Accountancy and Law industries known for their pro bono facilities). However, it would appear this works if volunteering is within a training capacity as Training unemployed and youth was itself rated relatively high in contrast. This is a particularly important finding as two of the sectors in the current study are Accountancy and Law, industries known for their pro bono services, and that volunteering, mentoring and training are aspects of their CSR activity. Hence, these respondents don’t seem to mind when volunteering is grouped under training and mentoring adjectives, rather than described as ‘providing (free) pro bono’ accountancy or legal services, utilising Staff Expertise.

Low score for utilising Staff Expertise is also reflected in the Hess et al. (2008) study, for example, which shows only 37% of their sample rating volunteering employees as important in contrast to 43% selecting the donation of products and services. More recent studies have also found this of concern, finding low ratings for employee volunteerism (for example, Knutson, 2012), and varying levels of attitude to volunteering across different cultural regions (Runte et al. 2010). The heavy reliance on staff volunteering in corporate CSR campaigns, especially in the MEA region, and including the MNCs involved in the current
study, suggests this needs to be examined further in the market place and in future research.

Clearly important to the MEA region (and particular nationality groups within this region) is training unemployed and youth in Entrepreneurial Skills and increasing local Job Creation. This would make sense; as previously mentioned, there are large population numbers of youth in these emerging economies and some countries in this region have independent programmes to assist with this, such as the ‘Emiratisation’ process previously mentioned for the UAE.

Companies should therefore take SIs of this type into account when designing their CSR strategy for this region, and emphasise these areas when reporting SIs and CSR activities to stakeholders, via marketing strategy and communications materials including the CSR Report, which should list ‘region appropriate’ SIs according to current guidelines (GRI, 2013).

Planting Local Trees and helping fund Global Forests were rated relatively low by all nationalities. This may be due to MENA being primarily a desert region, so these SIs are seen as less relevant to people born and bred in the region, and also expatriates working in the region, often for a short period of time. A low rating for funding global forests is supported by Hess et al.’s (2008) results. This also relates to the concept of ‘throwing cash’ at projects rather than being involved in the implementation of activities at a grass roots level in a sustainable fashion, over time. This confirms research referring to selecting CSR activities (or SIs) in relation to a company’s core business and supports an MO theoretical framework and SM approach (Brik, Rettab and Mellahi, 2011; Brown and Dacin, 1997; Collis and Montgomery, 1995; Handelman and Arnold, 1999; Knutson, 2012; Narver and Slater, 1990).

With regards to planting Local Trees however, and supporting Green organisations/campaigns, the MENA group rates these SIs statistically higher than Westerners who typically originate from ‘greener’ regions. As previously mentioned, this is possibly influenced by the fact that the MENA nationality group are born and bred in this region, and that ‘greening of the desert’ projects to decrease MENA’s extensive carbon footprint (in particular the UAE), has now become a three-year incentive plan.

This finding also relates to the host-country phenomenon confirmed by the research of Azmat and Zutshi (2012), Campbell et al. (2012) and Hamilton et al. (2008), while also noting that Western expatriates who only live in the region for a short time, as mentioned above, may therefore be less interested in aspects related to the future environment of the region.

Of interest, MENA also rated emerging Health issues (including diabetes and obesity) relatively high. This has been stated as an urgent issue in the region (Al-Matroushi and Fikry, 2005, Arabian Business.com, 2011), and it is therefore recommended that companies operating in MENA focus on these health issues, especially if it is related to their core business in MENA.

When the SIs were further divided into seven sub-categories, the MENA group rated Local SIs significantly higher than all other nationalities. This would be expected given that they are locals in their own region and Westerners and Asians (as expatriates) are not living in their ‘local’ region or region of origin.
This also relates to the host-country issues and methodology of foreign affiliates mentioned previously (Azmat and Zutshi, 2012; Campbell et al. 2012 and Hamilton et al. 2008).

The suggestion to adopt the Indigenous cultural principles (Rigby et al. 2012) of the region an MNC is operating within, is also supported by the results of the current study. MNCs operating in the region should take note of the examples of MENA and MEA local customs and culture, such as the Bedouin principle of ‘people first’ plus the religious role of ‘gifting’ (Zakat), to support individuals and charities in the local community.

It would therefore be wise for MNCs in the region to consider community giving in their selection of CSR activities and act locally when selecting their SIs. In addition to the emphasis on Local SIs as rated by the MENA nationality group, high overall ratings for Job Creation in the community and unemployed/youth Entrepreneurial Training, are also strongly upheld in the GCC region, with rapidly expanding youth populations specific to this region and programmes to train and create jobs for nationals such as the ‘Emiratisation’ programme in the UAE.

Throughout the MENA region, local companies support organisations such as INJAZ which provides business and entrepreneurial training for Arab youth through volunteer mentoring from Arab business leaders. INJAZ, plus youth and entrepreneurial training are also SIs of the MNCs participating in this study. Respondents in general would therefore also be aware of the importance of these initiatives, and this is reflected in the current results.

**Summary and future research**

With the increase in environmentally responsible and socially responsible activities (Harwood et al. 2011 and KPMG, 2011) and the focus on approaches giving strategic value to social responsibilities and Social Initiatives (Fernandez, 2011)—including the focus on social entrepreneurship (Ahmad and Ramayah, 2012; Crisan and Borza, 2012; Doina and Alexandru, 2011, Naglen, 2012), social missions (Sabeti, 2011), partnering with NGOs (Edelman, 2012) and partnering with public innovation (Kanter, 2011)—it is crucial that organisations understand stakeholder preferences in these areas.

As MNCs increasingly move into emerging economies (Reimann et al. 2012), there is an even greater challenge for multinationals to align sustainability to core business (Lacy and Hayward, 2011).

This study provides an ‘original’ examination of particular SI activities and has revealed many statistical differences across nationalities for SI preferences. It is therefore recommended that companies independently research the knowledge base and preferences of their individual stakeholder markets carefully in the different regions they operate within, especially when mapping CSR strategy on to core business incentives, and selecting SIs to implement a consistent and sustainable CSR strategy long-term.
The results from this study support an MO model suggesting that corporates in the MEA region need to find ways to incorporate their CSR activities into their overall strategy which relate to their core business and meet the needs of a changing market (Brik et al. 2011)—scanning the local environment to provide the greatest benefits to the community (Collis and Montgomery, 1995).

While the current study supports an MO model, more recently there has been a call from well-known authors for something beyond CSR—an approach better than CSR—to regain public trust (Lopez-De-Pedro and Rimbau-Gilabert, 2012). In particular, authors suggest that companies should advance their social benefits to improve public perception, public credibility and image (Porter and Kramer, 2011). The current study argues that adopting stakeholder approved CSR strategy and SIs, relative to key societal and community issues and core business, will expand current approaches to corporate strategy and also that of current academic literature.

With the growing emphasis on initiatives to deal with the environmental impact in the region (such as the ecological footprint in the UAE, for example), MNCs will need to play their part in lessening their footprint in emerging economies and adopt environmental SIs which reflect their underlying core business, as part of their CSR activities.

Hence, as stakeholders rated SIs relatively high there is much potential scope for the MEA region and its companies in expanding CSR strategy in the direction of the sensitivities specific to this region and particular nationalities. If selected correctly and implemented accordingly, CSR activities could assist a Western company in becoming a household name (or at least a ‘reasonably accepted’ foreign company in an unfamiliar region and/or emerging market)—if utilising positively approved CSR activities for that region, and fulfilling this promise consistently over time. This is especially of interest to new market entrants, or foreign multinationals attempting a foothold in emerging markets such as the MEA region.

The findings of the current study strongly agree with the suggestion made by Brammer et al. (2007), that religion plays a significant role in shaping individual perceptions of CSR and that there is considerable variation in attitudes of CSR across religions and regions. The current study supports that religious beliefs influence one’s perspective of CSR, and in particular the social and charitable aspects of CSR.

The inclusion of Indigenous culture and traditions and consideration of religious principles such as Zakat (local ‘gifting’) must be given priority, not only in CSR strategy in the region, but also be made an integral aspect of future research within this region.

This study also supports the theme or tag line to ‘act locally’ (Popoli, 2012). Given the strength of ‘local’ in selection of SIs in the current study, this may extend to the design, delivery and presentation of CSR strategy. MNCs, for example, could utilise tag lines such as ‘We might be global ... but we think and act local’ and ‘We’re a part of your community’, selecting content of their CSR strategy that is in fact local and relevant to the region.
Given the emphasis on Volunteering staff as an SI in the region, and the discrepancy between utilising Staff Expertise and skills (pro bono activities) and Training unemployed or youth (in entrepreneurial skills), this needs to be examined further. In addition, it needs to be ascertained as to whether utilising Staff Expertise in training or to complete projects is considered ‘pro bono’ or volunteering. These skills are utilised in their professional capacity (for example, Accountants teaching unemployed accountancy skills to set up a business), as opposed to direct volunteering which may be unrelated to their professional line of business. This needs to be qualified further in future research, particularly with reference to internal stakeholders within particular industries, such as Law or Accountancy, where their professional skills may be used to assist with projects.

The results therefore suggest that volunteering staff to fulfil escalating CSR expectations may not be as beneficial as designing projects, such as working at a grass roots level with NGOs, where the company is involved in funding, underlying strategy and assistance where needed.

These findings also reveal that Corporates need to embrace measuring and reporting their CSR strategy, including their SIs and CSR activity, and reporting this to the communities they operate within. Future research must develop and utilise a range of CSR metrics and GRI (2013) measures to provide a consistent global measure of SIs across organisations and developing and emerging economies. In the words of Raghubir, Roberts, Lemon and Winer (2010), it is time to embrace all types of CSR activity, implementation and measurement.

With blogging and citizen media on the increase, the selection of SIs will no longer be the domain of managers, but the domain of their well-informed stakeholders, hence it is strongly recommended that companies carefully look at what their target markets prefer and in particular the predominant nationality preferences in the regions where they are located. The current study has revealed strong and distinct preferences among nationalities living and working in the MEA region, which should provide significant assistance to Managers who wish to design CSR strategy which is relevant and accepted by stakeholders specific to the region.

Future research in stakeholder awareness must involve further assessment of preferred SIs and their perceived importance to encourage large MNCs with deep pockets—and the ability to fund regional environmental and community based projects—to do the ‘right thing’ by their stakeholders—and the developing country or emerging economy they operate within.

It is therefore time for organisations to move away from the four Ps of business management (product, price, promotion and place) to include ‘people, partners and planet’ and add ‘community’ to the 3C framework—currently reported as ‘company, customer, competition’ (Bhattacharya and Korschun, 2008; Raghubir, Roberts, Lemon and Winer, 2010).

Corporate thinking needs to incorporate ‘social entrepreneurship’ (Naglen, 2012) and manifest social initiatives as individual activities for corporate citizenship and societal improvement (Khan, 2007). It also needs to emphasise the creation of a ‘social mission with a business engine’ (Sabeti, 2011), by creating
and assisting social enterprises and NGOs, and do all this in a sustainable way, within balanced guidelines for selecting socially responsible initiatives within CSR strategies.

This study confirms stakeholders are ready. They welcome the transition to ‘social entrepreneurship’ and ‘socially oriented corporate missions and initiatives,’ which assist social enterprises, NGOs and activities within communities. The study also confirms that the traditions and experiences of particular nationalities and cultures in emerging and frontier markets means they prefer particular initiatives within a Social and Community approach, and will expect and demand this in CSR strategy in the future.

References


### Websites


Appendix: social initiatives (SIs) question examined

Abbreviated SI Axis Labels (for Figures 2 and 3) are listed in parentheses beside each question on the questionnaire below (i.e. EMISSIONS)

**QUESTION:** Please rate YOUR level of preference that companies do the following?
(From 1—not preferred to 5—most preferred)

- Changing features of the way a company runs its office and/or factories to decrease waste and carbon emissions etc. (EMISSIONS)
- Looking after the environment by supporting green organizations/campaigns (GREEN)
- Create jobs in the local community either by funding or helping with training (JOBS)
- Contribute toward a needy country or community with food and water (F&W)
- Assist with a poor community or country’s infrastructure development (building roads, fixing bridges, assisting with electricity generation etc.) (INFRA)
- Setting up training programmes and volunteering to train unemployed and youth in entrepreneurial skills relevant to business set up and/or job hunting (TRAIN E)
- Setting up training programmes and volunteering to train unemployed and youth in IT and computer use (TRAIN IT)
- Mentoring young students and introducing them to business networks and internships (MENTOR)
- Attracting, developing and assisting women in education and business (WOMEN)
- Contribute money and/or volunteer support to special needs organisations (S.NEEDS)
- Contribute money and/or volunteer support to help an orphanage in drought/famine areas of Africa (O.DROUGHT)
- Contribute money and/or volunteer support to help an orphanage in war torn areas such as Iraq or Afghanistan, for example (O.WAR)
- Contribute money and/or resources, such as ambulances and first aid, to war torn areas such as Iraq, Afghanistan or the Gaza Strip, for example (R.WAR)
- Contribute company professional expertise to not for profit organisations (EXPERTISE/STAFF EXPERTISE)
- Volunteer staff to support blood donation campaigns (BLOOD)
Support breast cancer campaigns and research (CANCER)
Support diabetes, obesity and other emerging health issues (HEALTH)
Give to AIDS and HIV related causes (AIDS)
Educate youth on the environment (Y.ENVIO)
Educate youth on emerging health issues (Y.HEALTH)
Plant trees randomly in local communities where needed (L. TREES)
Provide money to plant trees in the world’s depleted forest areas where needed (G. FORESTS)
Improve the lives of needy communities locally where the company is located (L. NEEDS)
Improve the lives of any needy community globally, anywhere where needed (G. NEEDS)