

University of Southampton Research Repository ePrints Soton

Copyright © and Moral Rights for this thesis are retained by the author and/or other copyright owners. A copy can be downloaded for personal non-commercial research or study, without prior permission or charge. This thesis cannot be reproduced or quoted extensively from without first obtaining permission in writing from the copyright holder/s. The content must not be changed in any way or sold commercially in any format or medium without the formal permission of the copyright holders.

When referring to this work, full bibliographic details including the author, title, awarding institution and date of the thesis must be given e.g.

AUTHOR (year of submission) "Full thesis title", University of Southampton, name of the University School or Department, PhD Thesis, pagination

UNIVERSITY OF SOUTHAMPTON

FACULTY OF BUSINESS AND LAW

Southampton Business School

**CORPORATE SOCIAL RESPONSIBILITY IN SMALL AND MEDIUM-SIZED
ENTERPRISES: A DEVELOPING COUNTRY PERSPECTIVE**

by

Shahnaz Ibrahim

Thesis for the degree of Doctor of Philosophy

December 2014

UNIVERSITY OF SOUTHAMPTON

ABSTRACT

FACULTY OF BUSINESS & LAW

School of Management

Thesis for the degree of Doctor of Philosophy

CORPORATE SOCIAL RESPONSIBILITY (CSR) IN SMALL AND MEDIUM - SIZED ENTERPRISES: A DEVELOPING COUNTRY PERSPECTIVE

Shahnaz Ibrahim

The aim of the current research is to generate insights into CSR understanding and practices as exercised by SMEs in Egypt, and the resulting overall impact on addressing the social developmental challenges in the Egyptian society. By embedding social capital theory within multi-layered levels of analysis, the research pays specific attention to the macro conditions that are conducive or obstructive to CSR engagement in this context.

Based on 54 interviews with SME owner-managers and representatives of organizations concerned with CSR development, the researcher adopts a social constructionist approach in examining the CSR phenomenon in order to shed light on multiple perspectives and experiences of SME owner-managers. The findings suggest that the understanding of CSR is largely grounded in the context of economic and discretionary domains, highlighting the dominant role of long-standing cultural tradition, coupled with adverse institutional influence. Such an environment leads to a peculiar operationalization of the concept. CSR often takes the form of philanthropic giving, which is practised in a sporadic manner to address pressing economic needs, such as poverty and income disparity. The absence in the country of a conducive, institutionalized environment in favour of CSR further contributes to the lack of systematic approach to CSR engagement, manifested in the misalignment between CSR and businesses' objectives and strategies. The result is an ad hoc philanthropic mode of giving.

The findings reveal, however, that CSR in developing countries can act as a catalyst for social and economic development through three functions: *institutionalization*, *strategic exchange* and *value creation*. A strategic process has the potential of not only improving the well-being and living conditions of society, but also, in turn, creating a future pool of skilled and educated workforces and markets. Institutionalizing socially responsible practices, through endorsement, collaboration, support and legislation, encourages businesses to knit CSR into their overall strategy, and can generate sustainable shared value for their stakeholders. Social capital elements in terms of the relations of mutual trust, identification and reciprocity are the main lubricant of these functions.

The contribution of this research to the field is threefold. *First*, it addresses a gap in the knowledge by generating insights into an under-studied topic, which is the dynamics of CSR in SMEs in a developing country. *Second*, it provides rich empirical evidence on the subject, drawing on semi-structured interviews with SME owner-managers as socially responsible entrepreneurs. *Third*, it uncovers the important role of contextual dynamics in shaping, enabling, or constraining SMEs in fulfilling their role towards society, through engaging with range of stakeholders, including practitioners (entrepreneurs) and policy-makers (such as international organizations that have a significant influence on shaping CSR policy agendas for developing countries).

Table of Content

Table of Content.....	i
List of tables.....	vii
List of figures	ix
DECLARATION OF AUTHORSHIP.....	xi
Acknowledgements.....	xv
Definitions and Abbreviations	xvii
Chapter 1: Introduction to the research	1
1.1 Scope of the study	1
1.2 Research Aim and Objectives	3
1.3 Context: Egypt	4
1.4 Methodological background.....	7
1.5 Significance and contributions of the study.....	8
1.6 Structure of the thesis.....	11
1.7 Conclusions	11
Chapter 2: Literature review.....	13
2.1 Introduction to the chapter	13
2.2 The contested nature of CSR: its nature and definitions	14
2.3 Historical evolution and conceptual foundations of CSR	16
2.3.1 Pre-introductory phase.....	19
2.3.2 Introductory phase	19
2.3.3 Awareness phase	20
2.3.4 Managerial implication phase.....	21
2.3.5 The business case phase	26
2.3.6 Sustainability and value creation phase	28
2.3.7 Theoretical and analytical implications linked to the research	28
2.4 SMEs in CSR literature: the forgotten debate	32
2.4.1 Large versus small business from a CSR perspective	32
2.4.1.1 SMEs structure.....	34
2.4.1.2 Nature of relationships; social contract	35
2.4.1.3 CSR motivations; owner-manager-driven approaches	36

3.3.2.1.1 Step 1: Egyptian Law for SMEs.....	87
3.3.2.1.2 Step 2: Snowball of SMEs actively involved in CSR	87
3.3.2.1.3 Step 3: Heterogeneous sampling technique	88
3.3.3 Data collection methods	89
3.3.3.1 Interviews	90
3.3.3.2 Field notes.....	92
3.3.3.3 Secondary data	92
3.3.4 Data analysis approaches and steps.....	92
3.3.4.1 Data analysis approaches; deductive and inductive	93
3.3.4.2 Data analysis process	94
3.3.5 Trustworthiness of qualitative research.....	99
3.4 Conclusion.....	103
Chapter 4: Key findings at multi-layered levels of analysis	105
4.1 Introduction.....	105
4.2 Macro level findings	108
4.2.1 Economic conditions.....	108
4.2.2 Political influences: Government’s role in strengthening CSR	111
4.2.2.1 Public policy, strategy and leadership for CSR.....	112
4.2.2.1.1 Government leadership and CSR development	115
4.2.2.2 Socio-legal infrastructure and frameworks; laws and regulations	117
4.2.2.3 Policy framework for supporting entrepreneurship and SMEs	120
4.2.3 Socio-political influences.....	127
4.2.3.1 Integrity.....	128
4.2.3.2 Governance	130
4.2.3.3 Revolution	136
4.2.4 National cultural influences	139
4.2.4.1 Collectivism/Social Solidarity	139
4.2.4.2 Religious norms.....	141

4.2.4.3 Individualism	142
4.2.4.4 Power distance society	143
4.2.4.5 Short-term vs long-term orientation	145
4.3 Meso-level findings	147
4.3.1 Relational social capital	148
4.3.1.1 Trust	148
4.3.1.2 Reciprocal exchanges of benefit	153
4.3.1.3 Loyalty, respect and friendship	155
4.3.1.4 Mutual obligations and expectations	159
4.3.1.5 Identification	162
4.3.1.6 Cooperation	166
4.3.2 Structural social capital; network ties	168
4.3.2.1 Collaboration and CSR	168
4.3.2.1.1 Collaboration and trust creation	169
4.3.2.1.2 Collaboration and CSR awareness	173
4.3.2.1.3 Collaboration and CSR capacity	176
4.3.2.1.4 Collaboration and convergence of CSR efforts	180
4.4 Micro level findings	183
4.4.1 Founders role (motivations, conceptualization, awareness)	183
4.4.2 CSR motivations and drivers	185
4.4.2.1 Sympathy for poverty (moral obligations to address Government failures) (ethical)	185
4.4.2.2 Cultural and religious norms	187
4.4.2.3 Social identification	191
4.4.3 CSR in the Egyptian context; peculiar conceptualization	193
4.4.3.1 Operating in society and sustaining the business (economic)	193
4.4.3.2 Abiding by the law (legal)	195
4.4.3.3 Philanthropy	196
4.4.4 CSR concept and cognitive awareness	197

4.4.5 Government's role in shaping CSR cognition of SME owner-managers	203
4.5 Impact of current CSR practices by SMEs on society	206
4.5.1 Value creation through strategic philanthropy.....	211
4.6 Conclusion.....	216
Chapter 5: Discussion; towards a multi-layered framework of CSR in a developing country	219
5.1 Introduction.....	219
5.2 CSR in the Egyptian context	221
5.2.1 CSR definition in the Egyptian context	221
5.2.2 Multi-layered dynamics of CSR in Egypt; social, political, cultural embeddedness of CSR in SMEs.....	227
5.2.2.1 Cultural and religious influences.....	230
5.2.2.2 Socio-political influence	233
5.2.2.3 Economic challenges.....	236
5.3 Impact of CSR in the Egyptian society.....	239
5.3.1 CSR as an institutionalizing function.....	242
5.3.2 Role of social capital in the institutionalizing function of CSR ...	244
5.3.2.1 CSR endorser	248
5.3.2.2 CSR mediator.....	252
5.3.2.3 CSR supporter.....	256
5.3.2.4 CSR controller/legislator/enforcer.....	256
5.3.3 CSR as a strategic exchange function.....	261
5.3.3.1 Social capital influence in business and society strategic exchanges	263
5.3.4 CSR as a core value-creating function.....	264
5.3.4.1 Social capital and value creation	267
5.4 Implications of the findings to other developing countries contexts	270
5.5 Conclusion.....	272
Chapter 6: Conclusions	275
6.1 Introduction.....	275
6.2 Revisiting the research aim, objectives and questions	275

6.2.1 First and second research objectives:	276
6.2.2 Third objective:	280
6.2.3 Fourth objective:	283
6.3 Contributions of the research	285
6.4 Limitations of the study and directions for future research	290
6.5 Implications of the current research to other developing countries contexts	291
6.6 Conclusion	293
Appendices	295
Appendix 1- Sample of the research	295
Appendix 2- Interview questions guide	297
Appendix 3- Research themes & Nvivo 10 codes	301
Appendix 4- Examples of institutionalized CSR initiatives in Western Countries	305
Appendix 5- Sample Interview	307
Glossary of Terms	317
List of References	319

List of tables

Table 1-1 Research objectives and questions.....	3
Table 2-1 Previous areas of research in SMEs CSR compiled by the author ...	32
Table 2-2 Applying the multi-layered levels of analysis to the research	56
Table 3-1 Distinction between the main paradigmatic assumptions in social science	76
Table 3-2 Linking social constructionist paradigm to research objectives	78
Table 3-3 Current research sampling parameters adapted from Miles and Huberman (1994)	86
Table 3-4 Application of Miles and Huberman's (1994) and Lincoln and Guba's (1986) Alternative Criteria of Establishing Trustworthiness to the Current Research	100
Table 5-1 Differences between Western and Egyptian CSR conceptualization	225
Table 5-2 CSR institutionalization in the Egyptian context	259
Table 6-1 Macro-level factors.....	281

List of figures

Figure 2.1 Literature review structure	14
Figure 2.2 Historical evolution of CSR compiled by the author	18
Figure 2.3 Carroll's (1979) CSR domains	22
Figure 2.4 Stakeholder groups (Freeman, 1984)	25
Figure 2.5 Social capital dimensions adapted from Nahapiet and Goshal (1998)	47
Figure 2.6 Multi-layered framework for theorizing CSR in SMEs from a social capital lens	55
Figure 3.1 Overview of the current research methodology	67
Figure 3.2 Research philosophy adapted from Easterby-Smith (2012)	69
Figure 3.3 Research sampling steps	87
Figure 3.4 Research data analysis steps.....	95
Figure 3.5 Concepts' levels of abstraction adapted from Corbin and Strauss (2008)	98
Figure 4.1 Summary of the research themes at the micro, meso and macro levels of analysis.....	107
Figure 4.2 Government's role in enabling SME CSR engagement.....	111
Figure 4.3 Collaboration benefits and impact of SME CSR.....	169
Figure 5.1 Structure of discussion chapter and links to the research questions	220
Figure 5.2 Multi-layered dynamics of CSR in Egyptian SMEs	229
Figure 5.3 Multi-layered framework for theorizing CSR in SMEs in Egypt	241
Figure 5.4 Institutionalizing roles of CSR functions.....	248
Figure 5.5 Steps towards CSR institutionalization in Egypt.....	259

DECLARATION OF AUTHORSHIP

I, Shahnaz Ibrahim

declare that this thesis, entitled

Corporate Social Responsibility in Small and Medium-sized Enterprises: a Developing Country Perspective

and the work presented in it is my own and has been generated by me as the result of my own original research.

I confirm that:

1. This work was done wholly or mainly while in candidature for a research degree at this University;
2. Where any part of this thesis has previously been submitted for a degree or any other qualification at this University or any other institution, this has been clearly stated;
3. Where I have consulted the published work of others, this is always clearly attributed;
4. Where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work;
5. I have acknowledged all main sources of help;
6. Where the thesis is based on work done by myself jointly with others, I have made clear exactly what was done by others and what I have contributed myself;
7. Part of this work has been published before submission, [or] parts of this work have been published as:

Forthcoming Journal Article

- Ibrahim, S., Jamali, D. and Karatas -Özkan, M. (2015) Socially responsible entrepreneurs: Embedded nature of CSR in SMEs in developing countries. *International Journal of Entrepreneurship and Innovation*, special issue.

Chapters in Books

- Ibrahim, S. (2014) Creating Social Capital for SMEs: a CSR approach to HRM practices IN: Mine Karatas-Ozkan, Katerina Nicolopoulou and Mustafa F Özbilgin (eds.) Corporate Social Responsibility And Human Resource Management; A Diversity Perspective. Cheltenham,UK: Edward Elgar Publishing Ltd, 149-168.
- Ibrahim, S., Jamali, D. and Karatas-Ozkan, M. (2012) Corporate Social Responsibility (CSR) in Small and Medium-Sized Enterprises: A Developing Country Perspective IN: Underwood, S., Blundel, R., Lyon, F., & Schaefer (eds.) Social and sustainable enterprise: changing the nature of business. Contemporary Issues in Entrepreneurship Research. Bingley: Emerald Group Publishing, 167-192.

Forthcoming book chapter

- Ibrahim, S.; Jamali,D; Karatas -Özkan. "Egypt". In: Visser, W. (Eds.) (2015).The World Guide to Sustainable Enterprise: A country-by-country analysis of responsible business and social entrepreneurship. Greenleaf Publishing.

Conference papers

- Ibrahim, S., Jamali, D. and Karatas-Ozkan, M. (2013) Theorising social embeddedness of CSR in emerging markets. Paper presented at European Group for Organizational Studies (EGOS) conference, Montreal, Canada
- Ibrahim, S. and Jamali, D. (2013) Social Responsible SMEs in Emerging Economies; a Social Capital Perspective. Paper presented at European Academy of Management (EURAM) conference, Istanbul, Turkey.
- Ibrahim, S., Jamali, D. and Karatas-Ozkan, M. (2012). CSR in SMEs: An Institutional perspective in Developing countries. Paper presented at the 2nd International Conference in Entrepreneurship and Innovation, Southampton, UK.
- Ibrahim, S. and Karatas-Ozkan,M. (2012). Communicating Sustainability: A Small and Medium -Sized Enterprise Perspective. Paper presented at European Academy of Management (EURAM) conference. Rotterdam, Netherlands.
- Ibrahim, S. and Karatas-Ozkan, M. (2011). Promoting Corporate Social Responsibility (CSR) to Small and Medium-Sized Enterprises (SMEs): A critical review of the literature and future research agenda. Paper presented at British Academy of Management (BAM) Conference, Birmingham, UK.
- Ibrahim, S. and Karatas-Ozkan, M. (2011). Corporate Social Responsibility in SMEs, A social capital perspective. Paper presented at

Institute for Small Business and Entrepreneurship (ISBE) Conference, Sheffield, UK.

- Ibrahim, S. and Karatas-Ozkan, M. (2011). Strategic CSR: An Opportunity for Competitive Advantage for Social Enterprises in Developing Countries. Paper presented at 1st International Conference in Entrepreneurship, Innovation and SMEs. Caen, France.
- Ibrahim, S. and Karatas-Ozkan, M (2011). Communicating corporate sustainability in developing countries. Paper presented at “International conference by the Network for Business Sustainability”. SMEs Moving toward Sustainable Development. Montreal, Canada.
- Ibrahim, S. and Karatas-Ozkan, M. (2010). A model for communicating CSR in developing countries SMEs. Paper presented at “The impact of Sustainable Development on Marketing and Communication practice” conference. Agadir, Morocco.

Papers in Conference Proceedings

- Ibrahim, S. and Karatas-Ozkan, M. (2011). “Communicating corporate sustainability in developing countries”. SMEs Moving toward Sustainable Development, International conference by the Network for Business Sustainability. Montreal, Canada

Signed:.....

Date:.....

Acknowledgements

I hope that this work will be a small contribution to this important area (i.e. CSR), and it is to this cause that the thesis is dedicated. The following people contributed to the successful completion of the work.

It is with great pleasure that I acknowledge my heartfelt thanks and sincere gratitude to my supervisor and role model, Professor Mine Karatas-Ozkan. She has been a wonderful mentor for me. I would like to thank her for her belief in me, for her continuous support, motivation and enthusiasm, and for sharing with me her immense knowledge. Her continuous insightful comments and constructive feedback throughout my research journey has been of tremendous help. Her intellectual insights and keen eye for detail has helped me immensely towards the successful completion of my PhD. Thanks Mine - this would have been a much less rewarding journey without your support.

I would like to extend my thanks to my second supervisor, Professor Dima Jamali, for providing much intellectual stimulation which contributed to shaping my research.

A special thanks to the University of Southampton, which rewarded me with a scholarship to pursue my dream of studying for a doctoral degree in an area about which I am so passionate - corporate social responsibility. It allowed me to grow as an academic researcher. I am also thankful to Assuit University in Egypt, for granting me study leave to pursue my postgraduate studies in the USA and UK. This thesis would have not come to life without their precious input. I want also to express my gratitude to all my interviewees for their time and openness in answering my questions.

I must extend my appreciation to my friends and my fellow research students and colleagues, whose support very much helped me to continue my academic journey.

The main thanks, however, must go to my family. Words cannot express how grateful I am to my beloved husband, Moustafa Mohamed, for all the sacrifices that he has made on my behalf. I feel obliged to express my deepest

appreciation to him for being my constant source of inspiration. I literally could not have done this without his help. Thanks to my parents-in-law, Professor Mahmoud Roushdy and the lovely Layla Elayouty, for bringing such a special person into the world.

I would like to express very special appreciation towards my loving parents, Professor Abdelkhalik Hafez and Madeha Elrafey, who inspired me all my life and in my career. Their words of encouragement and drive for tenacity kept me going, and their prayers have sustained me thus far.

Finally, to the best gift of my life, my children, Mariam, Malak and Yaseen, this work is dedicated to you with love. The time I was deprived from spending with you was the hardest challenge I faced during this journey. Thank you for giving me such love, patience and sacrifices along the way. I promise I will make it up to you.

Definitions and Abbreviations

CSR Corporate Social Responsibility

SMEs Small and medium-sized enterprises

CG Corporate governance

WBCSD The World Business Council for Sustainable Development

ECSRC Egyptian Corporate Social Responsibility Centre

GACIC German-Arab Chamber of Industry and Commerce

Chapter 1: Introduction to the research

The purpose of this chapter is to outline the scope of the study and present the research aim, objectives and questions. The chapter includes an introduction to underpin theoretical perspectives, methodological matters and a brief discussion of the research context and contributions. First, the scope of the research is presented. Second, the theoretical lenses that were applied are introduced. An overview of the context in which the research has been conducted is then presented. This is followed by the methodology underpinning the research. The chapter concludes with the contributions of the study.

1.1 Scope of the study

In the face of the profound problems experienced by societies worldwide, such as economic turbulence, uncertainty, financial crisis and environmental disasters, the world seeks immediate solutions (Margolis and Walsh, 2003). In recognizing the significant role that businesses can play in uplifting social well-being, the call goes out for companies of all sizes to tackle these problems.

Accordingly, the concept of CSR, which captures the relationship between business and wider society, has gained increasing attention from both academics and practitioners in recent years. CSR has been defined as companies' efforts to alleviate the negative effects of their operations on the community in order to produce substantial improvements to that community through integrating economic, social, ethical and environmental considerations (Davies and Crane, 2010). However, this scholarly attention mainly concerns large and multinational companies. The malpractices of these companies have provoked growing concern over business ethics and implications for social responsibility in both theory and practice (Jamali, 2008; Kolk and Lenfant, 2010).

The relevance of the concept of CSR to SMEs has already been established in the field (Jarvis, 2004; Vives, 2006; Spence and Painter-Morland, 2010). This is

because SMEs represent a significant portion of businesses worldwide (Fox, 2004; Jenkins, 2004a). Their social practices contribute significantly to the prosperity of the societies in which they operate. Their good corporate citizenship (Spence and Painter-Morland, 2010), is of vital importance to both academics and policy-makers. Regardless of such significance, and despite the substantial scholarly attention given to CSR research in multinational companies, there is still inadequate awareness of the conditions shaping CSR perceptions and practices in small and medium-sized enterprises (Hooker and Madsen, 2004; Fassin, 2008; Spence and Painter-Morland, 2010).

There is a particular dearth of research on CSR in the context of SMEs operating in developing countries. Extant research is driven mostly by northern agenda (Jamali and Mirshak, 2007; Jamali, 2008; Dobers and Halme, 2009; Spence and Painter-Morland, 2010), ignoring the peculiar landscape of developing countries, and the importance of SMEs in those contexts as the backbone of economic growth and stability (Carlos and Torraleja, 2007; Jamali, 2008; Visser, 2008). CSR scholars contend that the need for CSR research in the context of developing countries is pronounced, because the stakes are extremely high in terms of environmental and social challenges, the fight against corruption, poverty alleviation and employment generation. In other words, there are gaps in social provision and governance where there is a lack of constituencies and institutions providing social goods (Jamali and Mirshak, 2007; Visser, 2008). Under these adverse conditions, SMEs come under heightened expectation to fill these gaps (Baughn *et al.*, 2007; Frynas, 2008). When conducting empirical research from a developing country perspective to identify the unique challenges, the use of frameworks and metrics applicable to this particular context is crucial. Developing such understanding has the potential to help SMEs adopt CSR practices that can serve as an effective development tool (Jamali and Mirshak, 2007; Visser, 2008; Dzansi and Pretorius, 2009). The current research seeks to achieve this goal in an attempt to reconcile theory with managerial practices.

This research began with the assumption that CSR is shaped by context-specific factors (economic, cultural, political, etc.). Research has shown that, indeed, CSR is a situated and embedded phenomenon, hence its dynamics can

only be understood by exploring the context and demonstrating the embeddedness of CSR perspectives and actions in particular contexts (Amaeshi *et al.*, 2006; Campbell, 2007; Marquis *et al.*, 2007; Newell and Frynas, 2007; Visser, 2008; Lindgreen *et al.*, 2009; Kolk and Lenfant, 2010; Jamali and Sidani, 2011). Despite this recognition, scholarship in CSR has not yet paid full attention to the macro level aspects of CSR and its embedded nature in a developing country context (Luken and Stares, 2005; Weyzig, 2006; Dobers and Halme, 2009; Sjöström and Welford, 2009; Jamali and Neville, 2011). Adopting a social constructionist stance, the research aims to fill this gap in the knowledge by developing a multi-layered (micro-individual, meso-organizational and macro-contextual) research framework that integrates social capital theory across the three layers of analysis.

1.2 Research Aim and Objectives

The motivation of this study stems from an interest in investigating the way in which the CSR phenomenon in the SME sector is conceived and practised in a developing country setting, specifically Egypt, and the impact of such conceptualization and operationalization on the well-being of society. Based on the overall aim, the main research question is as follows: ***How is CSR conceptualized and operationalized in Egyptian SMEs and what is the impact of this on the broader institutional and societal levels?*** In order to address this question, the following research objectives and questions were formulated:

Table 1-1 Research objectives and questions

Research Objectives	Research Questions
RO1: To explore SME owner-managers' conceptualization, perception & motivations of their role in society	RQ1: How do SME owner-managers conceptualize & perceive their role towards society? RQ2: What motivates or discourages SME owner-managers from engaging in CSR activities?
RO2: To investigate CSR practices & activities in SMEs, & the role played by stakeholder relationships in shaping these activities	RQ3: How is SME owner-managers' conceptualization of their role in society operationalized & translated into social practices with business stakeholders? RQ4: How does the nature of the relationships between SMEs & their stakeholders influence their

Research Objectives	Research Questions
	CSR engagement?
RO3: To explore the role that macro-environmental factors can play in enabling or constraining SME engagement in CSR practices	<p>RQ5: What are the macro-contextual dynamics, dictated by the socio-cultural, economic & political conditions, influencing SMEs' conceptualization & motivation of CSR in the Egyptian context?</p> <p>RQ6: How can the macro-contextual dynamics, i.e. socio-cultural, economic & political conditions, influence SME operationalization of CSR in the Egyptian context?</p> <p>RQ7: How can the macro-contextual conditions influence social capital stocks that facilitate or deter social actions?</p>
RO4: To examine the overall impact of SME CSR practices in Egypt	RQ8: What is the overall influence of SME CSR conceptualization & operationalization on the well-being of society?

1.3 Context: Egypt

The study was conducted in Egypt, being an example of a developing country setting. The reasons behind this choice were threefold. *Firstly*, the particular economic, cultural and political background of the country provides rich material to build on the growing body of knowledge investigating the influence of these conditions on the CSR practices in developing countries. *Secondly*, social and environmental concerns are of paramount importance for the social and economic development of this country. The SME sector is without doubt the backbone of the Egyptian economy. According to the Ministry of Foreign Trade and Industry, almost 80% of private companies fall within this category and generate more than 80% of the national income. More than half of the workforce is employed by the private sector. Therefore, this research argues that mainstreaming sustainable, strategic CSR practices, particularly in an SME context, can mitigate the social challenges that the country faces and increase the well-being of society. *Finally*, the impulse to be involved in socially responsible and philanthropic practices has a rich history that is deeply rooted in the Egyptian culture, dating back to the early 19th Century (UNDP, 2010). These predominantly philanthropic practices are grounded in faith-based actions, exercised through the “Wakf” or Endowment Fund for a specific social cause (e.g. health, education, etc.) (UNDP, 2010). Capitalizing on these values provides an opportunity to disperse sustainable social practices throughout the

sector. The ensuing section explains these points and justifies the contextual choice.

As a result of liberalization and privatization since the early 1990s, Egypt has experienced a rapid growth in per capita output, exceeding US\$1500. Accordingly, in the last few years Egypt has joined the ranks of the lower middle income nations (World Bank, 2001). Private sector production has increased sharply as a result of these structural changes in the country, highlighting the prominent role of private sector operations in the country's sustainability. However, these improvements are still not reflected in the environmental and social domains. Egypt's social indicators lag far behind its counterparts in the developing African and MENA regions, and in comparison with countries of similar income levels (World Bank, 2001). In addition, income disparity and poverty are significant concerns for the country (25% according to 2011 Gini coefficient), exacerbated by high inflation rates (around 12%). This could be attributed to many reasons. Egypt's rapid population growth has led to food shortages, alternative usage for farmland and water shortage. Accordingly, Egypt is classified as a 'water scarce' country, as it has less than 1000 m³ of fresh water per year per capita, which has resulted in almost a third of the country's children being malnourished, according to the 2008 Egyptian Demographic Health Survey. In addition, lack of awareness concerning the environmental impact of business operations has elevated the levels of solid waste, air and water pollution, and energy inefficiency.

Although CSR is still a buzzword in Egypt, a new wave of interest in social environmental development is being witnessed in the country as a result of these adverse conditions. Many enterprises, NGOs and multinationals are endeavouring to figure out sustainable solutions to target the most pressing gaps in society. International initiatives, addressing social and environmental issues, and aiming to support the CSR efforts of government have also been introduced. For example, the United Nations has leapt onto the current wave of interest in CSR in the developing world with the introduction of the UN Global Compact (a global network of NGOs, companies and others established mainly by the United Nations). Company participation in the Global Compact is

a clear sign of the increasing interest of the private sector in active social engagement.

However, the majority of companies joining the CSR bandwagon are large companies, with only a small number of forward-looking SMEs taking part (UNDP, 2008). These initiatives have not created a fundamental change in the way in which CSR is practised in the Egyptian context, and outreach is confined to a limited number of enterprises.

The reason for this has been attributed to the sporadic fashion in the practice of CSR, which spread as a result of the lack of private and governmental initiatives to foster strategies for ethical behaviours at regional and national levels. This is because the real political agenda for CSR has been concealed, for reasons attributed to the self-interest of the corrupt political regime, which views the development of the country as a threat to its stability and interests (Ibrahim *et al.*, 2012). The result, in the less than favourable atmosphere, adversely affects CSR practices in this context, as the following points illustrate:

- The bulk of enterprises in Egypt lack the capacity, awareness, technology and resources to comply with the codes that require them to minimize and eliminate their negative impact on society.
- The majority of enterprises in Egypt face plenty of challenges, which hinder their ability and willingness to participate in sustainable practices. Among these challenges, but not limited to them, are poor access to information, due to lack of databases that provide market or other information, inability to mobilize funds needed to support training, technology-related activities and operations, poor support systems for risk management and sustainability, limited access to funds and difficulty in sustaining skilled employees (UNDP, 2010).

The creation of an institutional environment that allows SMEs to bloom is one of the ways to eradicate poverty and reduce unemployment levels in the country. However, in analysing the Egyptian context, it can be noted that Egypt

still lags far behind in research examining the CSR phenomenon in the SME context (Ibrahim *et al.*, 2012; Ibrahim, 2014). The dearth of CSR research has theoretical and practical implications.

On a *theoretical* level, the lack of frameworks to guide research, policy and practitioners in terms of SME and CSR interface creates a problem for active engagement (Ragab, 2010; Ibrahim *et al.*, 2012).

On a *practical* level, the majority of SMEs are managed by owners who are self-made individuals and lack a high degree of professional experience; their social practices are generally based on ideological and religious principles and values, largely depend on the day-to-day situation, and mostly lack a well-designed CSR strategy. The majority perceive their CSR activities as add-on voluntary initiatives, and are not fully aware of their potential impact on the social fabric, due to their lack of knowledge in the social realm (UNDP, 2008).

As a result, the SME sector in Egypt is still underdeveloped with regards to social responsibility (Ibrahim *et al.*, 2012; Ibrahim, 2014). One could see this as a good opportunity to study the issue, as there is a clear contribution to be made to scholarship by advancing our understanding of the particularity of the daily organizational and institutional challenges confronting Egyptian SMEs.

1.4 Methodological background

Small firms rely, to a greater degree than large firms, on a dialogue strategy in which they try to learn from stakeholders which aspects of CSR are most important to realise (Graafland *et al.*, 2003). Thus, social interaction with stakeholders contributes greatly to shaping the responsible behaviour of SMEs. This view is consistent with the social constructionist theory adopted in the current research. Spence *et al.* (2003, p.13) points out that “*business ethics does not operate in a vacuum disconnected from the rest of the world.*” Fundamental to social constructionist perspective is the commitment to understand the meaning of action from the actor's viewpoint (Symon and Cassell, 2012)

In order to address the research questions, the current study followed an exploratory qualitative research design, which allows for a holistic view of CSR interpretation and the capturing of differences in interpretations and perceptions of the salient macro-contextual factors shaping CSR engagement in an SME context. The CSR interpretations are based on qualitative interviews with SME owner-managers from diverse sectors, and various actors concerned with CSR. These include representatives from a broad range of institutions relevant to the development of CSR in the context of the research (e.g. NGOs, government, civil society organizations and UNDP). The research draws on rich empirical data collected through 54 face-to-face semi-structured interviews in Egypt.

The interviews were transcribed, then analysed and coded both deductively and inductively. NVivo 10 software was used as a tool to analyse the interviews. The analysis attempts to provide insights into the nature of corporate social responsibility practices adopted by SME owner-managers in the Egyptian context. Findings have been categorized and discussed according to a multi-layered approach embedded within social capital theory, in alignment with the research questions.

1.5 Significance and contributions of the study

This thesis contributes to both knowledge and practice on different levels.

On a theoretical level, firstly, the current research addresses a significant gap in the literature by extending the knowledge in the business ethics field, and adds empirical evidence to the CSR debate within SMEs, an area that has been accorded limited attention in the CSR discourse.

Secondly, the literature has documented that macro-contextual conditions strongly influence the perceptions, conceptions and motivations of SME owner-managers, and in turn affect the operational aspects of their CSR implementation (Weyzig, 2006). This is more prominent in developing countries, who present an idiosyncratic set of challenges with regards to CSR

agenda and ambivalences, that are different from those in the developed world (Jamali and Mirshak, 2007; Visser, 2008; Visser and Tolhurst, 2010; Jamali and Sidani, 2012). However, very few studies have attempted to uncover these differences. Studies that shed light on the conditions and institutional constellations that influence CSR manifestation in the developing countries context are therefore widely called for (Weyzig, 2006; Campbell, 2007; Marquis *et al.*, 2007; Lindgreen *et al.*, 2009; Yin and Zhang, 2012). Research on CSR in SMEs in developing countries that takes the contextual sensitivity into consideration is therefore a dynamic and timely subject area. The current study contributes to the CSR knowledge by employing a multi-layered (macro-contextual, meso-organizational, micro-individual) framework for CSR analysis in Egyptian SMEs. The framework shifts from research that limits attention to one level of analysis (individual, organizational, environmental) to more holistic levels of analysis. Although influential, the stream of research in CSR that limits attention to one level of analysis falls short in explaining the broader conditions affecting the patterns of CSR engagement across different contexts (Marquis *et al.*, 2007). Specific attention has been devoted to the role of macro, i.e. the sociocultural, economic and political dynamics influencing CSR practices in the SME context.

Thirdly, the theoretical lens adopted in this research is social capital theory. There is increasing interest among academics in understanding how the structure of relationships embedded in the socio-institutional context in which SMEs operate influences the exchange of benefits that lead to social well-being. The current research has filled that gap by showing how certain relationships that develop in SMEs in the form of social capital facilitate their social action. Through integrating social capital theory in a multi-layered framework, the research presents a first-time systematic, multi-layered evaluation of CSR issues that reflects SME reality.

On a methodological level, the imperative issue that needs to be addressed is how SMEs themselves perceive and operationalize CSR agenda (Castka *et al.*, 2004). The research follows a qualitative research design that is consistent with the calls for qualitative and social constructionist methodologies in

addressing CSR issues in the SME context, specifically in the developing world (Lockett *et al.*, 2006).

On a contextual level, in light of the added value of examining CSR phenomena across different contexts, the research contributes to the evolving knowledge by adding empirical evidence to a very unique context in this respect. Egypt is the largest country among the Arab and MENA regions, but has so far received almost no attention in CSR research (Ibrahim *et al.*, 2012; Ibrahim, 2014). The MENA region, in general, has received very limited attention in CSR research (for exceptions see Jamali, 2007; Jamali and Mirshak, 2007; Jamali *et al.*, 2009a; Jamali and Sidani, 2011). Egypt is a country with vastly different cultural, religious, economic and political structures from the Western world. It thus represents a good example for the broadening of the cumulative knowledge base for CSR. This study therefore provides a starting point for future empirical and theoretical CSR research in the Egyptian context in particular, and the Arab and MENA world in general.

On a practical level, business managers may strive to balance the needs of their shareholders with the needs of their stakeholders, who have a legitimate interest in the company's outcomes (Aguilera *et al.*, 2007). However, social, ethical and environmental issues can be overwhelmed by rhetoric, causing business managers and policy-makers to seek objective, reliable research to inform policies and practices (Jahdi and Acikdilli, 2009). The last few years have shown increased public and governmental effort, at an international level, to promote CSR in the majority of SMEs. However, the bodies involved in developing the promotional programmes and initiatives are too distant from the day-to-day activities and operations, and challenge the SME entrepreneur's experience (Fassin, 2008; Spence and Painter-Morland, 2010). The perspectives of the SMEs themselves in the CSR debate are disregarded (Fassin, 2008; Spence and Painter-Morland, 2010). This situation highlights the importance of conducting empirical research that takes into consideration the practitioners' perspectives on CSR-related issues. The current research therefore aims to fill this gap.

1.6 Structure of the thesis

The thesis is structured in a systematic way, over six chapters. **Chapter 1** is an introduction to the thesis, with an overview of the scope of the study, and research aims and objectives to address the gaps in the literature. The contextual and methodological background of the study is outlined in the chapter, as well as the contributions made by the thesis. **Chapter 2** presents a critical review of theoretical and conceptual debates surrounding CSR, SMEs and developing countries. It presents the multi-layered conceptual framework that has guided the current research. **Chapter 3** describes and justifies the methodology adopted in the current research. **Chapter 4** presents the empirical data collected for the purposes of this research. The key findings are divided into themes supported by direct quotes from the interviews. **Chapter 5** discusses the findings in light of the multi-layered framework presented in Chapter 2. The framework layers are discussed in light of existing theory. **Chapter 6** concludes with a summary of the key findings and contributions of the study, recommendations to practitioners and suggestions for future avenues of research.

1.7 Conclusions

This chapter has introduced the thesis, with an overview of the scope of the study, the gaps to be addressed in the literature, and the research objectives and questions posed to fill these gaps. An overview of the methodology adopted in the current research has been presented and the choice of the geographical context of the research has been justified. The contributions made by the thesis to existing knowledge on CSR, SMEs and developing countries have been highlighted. Contributions to practitioners and policy-makers have also been underlined.

This chapter therefore represents the foundation of the thesis. The ensuing chapter critically evaluates the literature in a systematic way, leading to the conceptual framework that guided the thesis.

Chapter 2: Literature review

2.1 Introduction to the chapter

SMEs represent a major fraction of the world economy, constituting over 90% of the world's businesses and accounting for more than 50% of employed labour (Fox, 2004; Painter-Morland and Dobie, 2009). Over the past few decades, there has been a noticeable growth in the SME share of economic activity (Quinn, 1997; European Commission, 2001; Spence and Painter-Morland, 2010). Taking as a whole the large numbers of SMEs, their social practices bring about a significant social impact, by providing a social safety-net and community support, demonstrating good corporate citizenship (Jarvis, 2004; Spence and Painter-Morland, 2010). Thus, they present a fertile ground for the development of socially and environmentally responsible practices (Vives, 2006; Spence and Painter-Morland, 2010). Acknowledging such significance, the study of CSR within the SME sector has begun to gain momentum among academics, although research is still limited (Spence, 1999; Tilley, 2000; Castka *et al.*, 2004; Jenkins, 2006; 2009; Davies and Crane, 2010; Gellert and Graaf, 2012; Kechiche and Soparnot, 2012).

The aim of this chapter is to map out the academic debates within the CSR discourse, in particular within the SME literature in developing countries. Through conducting a thorough and critical review of the literature, the gaps in the existing knowledge are identified. The theoretical position and the conceptual framework adopted in this research will then be defined and derived. The rest of this chapter is divided into five main sections centred around five main themes, shown in Figure 2.1. The *first* section discusses the contested nature of the CSR discourse, and the definition operationalized in this research is specified. The *second* section presents the historical development of the concept, which has evolved in response to societies' needs and changing expectations. The *third* section reflects on the distinctive characteristics of SMEs, as discussed in the literature. The literature discussing the CSR phenomenon and its particularities in developing country contexts is highlighted in the *fourth* section. Social capital theory that captures the relational dynamics in the SME context is outlined in the *fifth* section.

Justifications are presented for integrating its principles, and the way it is embedded in a multi-layered conceptual framework is defined. The literature review, therefore, proceeds from the general to the particular.

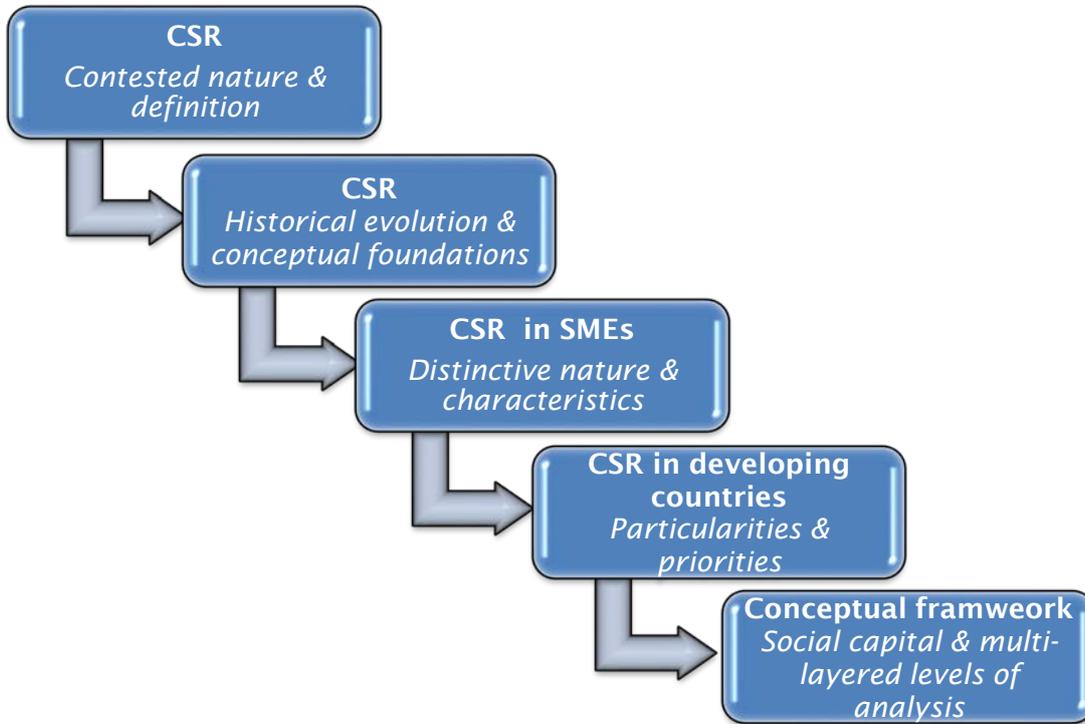


Figure 2.1 Literature review structure

2.2 The contested nature of CSR: its nature and definitions

Although CSR is a well-known concept in management discourse, there is no consensus on a single definition for the term. There is a consensus that it is a broad, blurred, vague and ambiguous concept that symbolizes different things to different individuals across different contexts (Sethi, 1979; Zenisek, 1979; Frederick, 1994; Lantos, 2001; McWilliams *et al.*, 2006; Smith and Lensen, 2009). McElhaney (2008, p.5) defines the concept in terms of business strategy by describing it as *“a business strategy that is integrated with core business objectives and core competencies of the firm and from the outset is designed to create business value and positive social change, and is embedded in day-to-day business culture and operations”*. Sinder *et al.* (2003), describe it

in terms of value creation by referring to it as the obligations of businesses to utilize its resources in ways that benefit society. Kotler and Lee (2008,p.3) emphasize the discretionary component of the concept by defining it as *“the commitment to improve community well-being through voluntary business practices and contributions of corporate resources”*. WBCSD (2000,p.3) emphasizes the economic dimension by stating that: *“Corporate social responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large”*. Davis (1973, p.312) highlights the responsive nature of CSR by referring to it as *“the firm’s considerations of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm to accomplish social [and environmental] benefits along with the traditional economic gains which the firm seeks”*.

These observations are supported by Dahlsrud (2008), who analysed 37 definitions of CSR and concludes that these definitions have five dimensions: economic, social, environmental, stakeholder and voluntariness. He notes that most definitions include at least three of these dimensions, and some include all dimensions, depending on the priority of the social needs within the context. This raises the significance of the context sensitivity and dependency of CSR practices, which may lead to confusion in the definitions (Frynas, 2009; Khan and Lund-Thomsen, 2011). Dahlsrud (2008) goes so far as to state that this confusion stems from the ways in which CSR is socially constructed in a particular context.

This ambiguity is further illustrated by the development of the different terminologies for the CSR concept, which capture the same meaning, i.e. Corporate Social Performance (CSP), Corporate Citizenship (CC), Corporate Governance (CG), sustainable development, and business ethics, to the extent that Windsor (2013 , p.1939), describes it as a *“Cluster concept”*. This situation emphasizes the dilemma faced by managers when adopting the concept in an effective manner (Waddock, 2004). One implication associated with this vagueness is that it hinders the theoretical development and measurement of the concept (McWilliams and Siegel, 2001).

These implications are even more evident in SMEs. Fassin (2008), reports that there is an increasing gap between research and practice, with a notable disconnection from the practice of management. The current research aims to address these gaps by examining the concept, its meaning and operationalization in the context of SMEs, exploring the perspectives of owner-managers, and thus contributing to the existing debates in the CSR literature.

For the purpose of this research, CSR is referred to as a concept whereby businesses integrate activities within their operations and dealings with stakeholders which minimize the negative impact on society and the environment, whilst simultaneously creating value that can uplift society, and secure survival of the business.

After specifying the CSR definition adopted in this research, it is important to trace the origin and historical development of the concept. The next section, therefore, will cover and evaluate the main premises, frameworks, debates and critiques in the literature which have contributed to the foundation and evolution of the concept as it stands today. These developments are revisited in the discussion chapter, and examined in the context of Egyptian SMEs.

2.3 Historical evolution and conceptual foundations of CSR

The current research supports the views in the literature that highlight the contextual sensitivity of the CSR phenomenon (Matten and Moon, 2008; McElhaney, 2008; Frynas, 2009). In other words, CSR is a phenomenon that has been developed as a reflection of changing social expectations. These expectations are further argued in this research to have evolved in parallel with institutional support and interventions. The arguments support Carroll and Shabana's (2010) view, which maintains that the academic development of the concept has been coupled with a parallel progress in government. They recognize the important role of governmental policies with regards to issues such as human rights and environmental protection, in shaping a new context which businesses would have to operate within and respond to.

By systematically reviewing the extant literature, the phases of CSR development can be categorized into four main stages, stretching back to the development of corporations in the 19th Century (Frederick, 1994; Norman and MacDonald, 2004), as explained in the following sections. 'Stage', in this respect, refers to the prevailing context or culture in a particular era. Figure 2.2 reflects the stages of development of the CSR concept as compiled by the researcher.

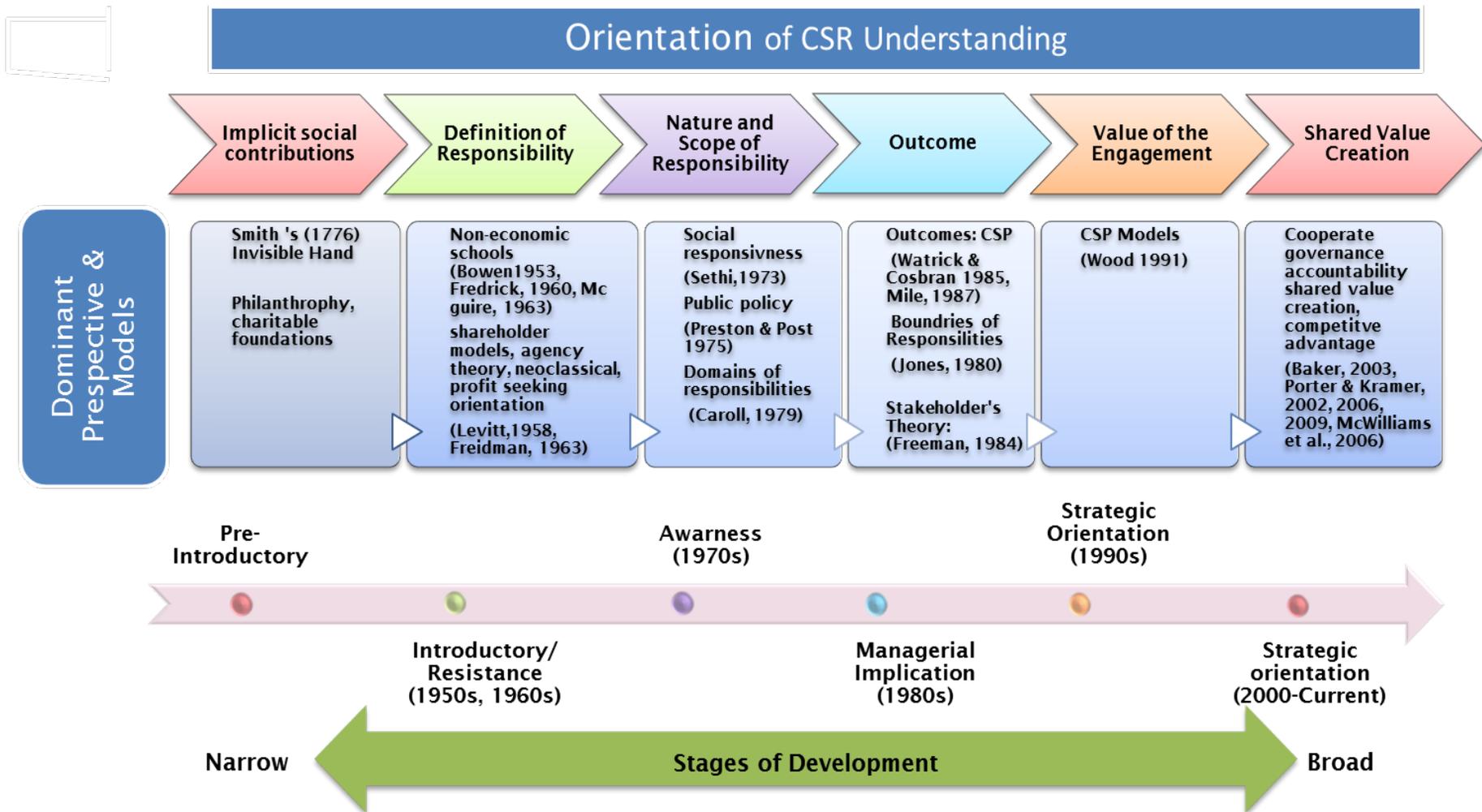


Figure 2.2 Historical evolution of CSR compiled by the author

2.3.1 Pre-introductory phase

During the “*Pre-introductory phase*”, business leaders saw a broader role for themselves in society as part of their civic obligation to give back to their communities. They established foundations to uplift the well-being of society. Their motivations were twofold: ethical and enlightened self-interest. Many religions prevailed at this time to support the premise of the rich helping the poor. Thus, philanthropy, paternalistic behaviour and charitable donations were an attempt to ameliorate the social tribulations resulting from the inequalities of early industrial societies (WBCSD, 2000; Moon *et al.*, 2005). This is reflected in academic research on the social role of business organizations dating back to the 1700s. Adam Smith (1761), for example, supports this view when he introduced the “theory of moral sentiment” in his legendary book with the same name. He argues that most people are self-interested and sympathetic, and asserts that these traits are the foundation of any profitable business society (Norman and MacDonald, 2004).

2.3.2 Introductory phase

During the ensuing decades, until the 1920s, the economic point of view dominated the curricula of business leaders. The primary, if not sole purpose of a company was to maximize profits (Margolis and Walsh, 2003). Such an attitude brought moral compromises for the sake of business profitability (Kakabadse *et al.*, 2005). These compromises, triggered by the Great Depression, raised consumer power as a force to influence corporate behaviour (WBCSD, 2000). As a result, society’s expectations have dramatically changed, and the role that businesses have towards society was widely acknowledged in the late 1950s (Carroll, 1999; Lantos, 2001; Kakabadse *et al.*, 2005). This shift has been paralleled with academic interest in theorizing the new business-society relationship. Credit can be given to Bowen (1953), who was the first scholar to theorize this relationship in his seminal work “*Social Responsibilities of the Businessman*”. He theoretically introduced the term CSR to describe the idea that business assumes responsibility which extends beyond legal obligations and narrow profit maximization (Kakabadse *et al.*, 2005).

In the **“Introductory phase”** (1950s), academics expanded their discussion in an attempt to articulate **“what”** this responsibility entails for a business (e.g. Frederick, 1960; McGuire, 1963). Companies started to gain general understanding on how to apply CSR policies and practices in their operations. This furnished the debates on the second phase (late 1960s to early 1970s) which was dominated by studies concerning the managerial implications of the concept. Therefore, this phase can be considered the **“awareness”** era of CSR (Murphy, 1978).

2.3.3 Awareness phase

During this stage, a new business consciousness was being shaped amongst the business community which recognized the overall responsibility of using business resources for broad social goals (Carroll and Shabana, 2010). This idea was coupled with opposition from advocates of the “neo-classical”, “contractarian” or “shareholder” point of view, which regarded the firm from a purely economic perspective. Supporters of this understanding believed that the social responsibility of a firm simply entailed generating profits to shareholders, paying taxes and providing employment opportunities (Moir, 2001; Evan and Freeman, 2008). They feared that social and welfare concerns would place a burden on the company, distracting it from fulfilling its primary responsibility towards its shareholders (Levitt, 1958; Friedman, 1970). For example, adopting the **“agency theory”** framework, or **“shareholder model”**, Friedman (1970) describes business people as agents who have a civil role which allows them to use the resources of their principals efficiently, this social responsibility role being confined to fulfilling that purpose (Friedman, 1970; Lantos, 2001).

In the context of SMEs, scholars built on this perspective to justify focusing on small business entrepreneurs’ ethical behaviour, and highlight the influence of managers’ values and beliefs on the social practices with their stakeholders (Quinn, 1997; Dawson *et al.*, 2002; Hemingway and Maclagan, 2004; Moore and Spence, 2006). The research builds on these views by studying the phenomenon from SME owner-managers’ perspectives.

During the 1970s, this narrow economic perspective was challenged by many researchers, who called for more proactive approaches. They required organisations to not only meet the expectations of shareholders or civil society to secure their legitimacy, but also to anticipate and promote desirable changes in society. This view came to be associated with the term “*social responsiveness*”, introduced by Sethi (1979).

Due to the conceptualization of the CSR idea as a response to the social environment, the main premise of CSR which stood out in these decades was predominantly philanthropic in nature, without any perceived tangible benefits to the business. Corporations may have been supporting good causes in society (Frederick, 2006), but no logical linkage was established between CSR and the profits or performance of the company (Lee, 2008). As a result, CSR became a synonym for philanthropy, which is giving back some of the wealth the business has created as an appreciation of society’s inputs. In short, business social contributions were driven by the needs and expectations of society, or what Frederick (2008) calls “*corporate social responsiveness*”.

2.3.4 Managerial implication phase

The discussion therefore shifted from focusing on the **nature** and **scope** of CSR activities to the **boundaries** of these responsibilities. These shifts were coupled and intensified with the dramatic political and economic changes around the world in the 1980s, and throughout the ‘90s, which brought social responsibility issues to the fore again. The prevailing idea within political thought was to limit the role of the state, by reducing the cost of state-funded welfare and cultural obligations, and placing greater responsibility on individuals and businesses (WBCSD, 2000). Deregulation, privatization and scandals (e.g. Drexel Burnham Lambert Inc., Crazy, Eddie) revealed the greed of companies and their negligence towards stakeholders (Windsor, 2006). This raised the question among managers of “*whom the company should be responsible for?*” in a more practical sense. Others questioned the tangible benefits that could be expected from such practices. This led to the evolution of Corporate Social Performance (CSP), stakeholder theory and stakeholder management models during the late 1970s and 1980s.

Carroll (1979) pioneered this era by defining responsibility as obeying the law, making a profit and going beyond these activities. By proposing these categories, one can note that the popularity of the model therefore stems from addressing the controversies between the different schools of thought at this stage. He categorized social responsibilities into four types: *economic*, *legal*, *ethical* and *discretionary* and *philanthropic*. **Economic** responsibilities indicate that companies are obliged to produce goods and services that satisfy consumers' needs whilst being profitable at the same time. **Legal** responsibilities reflect the belief that firms have an obligation to pursue economic responsibilities within the confines of law. **Ethical** and **discretionary** responsibilities encompass a general obligation to do what is right and prevent what could cause harm. Ethical responsibilities reflect a company's concern to meet society's implicit expectations on business conduct, which implicitly derives from the unwritten values, norms and standards within a given society. Finally, **philanthropic** responsibilities are the voluntary roles assumed by the company itself. Society does not have the same clear-cut expectations of these as they have of ethical responsibilities.

Carroll (1991) argues that the best way to represent these four categories is depicted by a pyramidal diagram, as illustrated in Figure 2.3.



Figure 2.3 Carroll's (1979) CSR domains

These responsibilities are not mutually exclusive, but companies are expected to fulfil all four simultaneously.

Since one of the research objectives focuses on CSR conceptualization and the motivations that SME owner-managers might have in order to engage in CSR, Carroll's (1979) definition highlights important aspects to be considered in the current research.

In the context of SMEs in developing countries, Carroll's (1979) view of CSR is of important concern for the following reasons: *firstly*, contrary to the common belief that economic responsibility is correlated with self-interest, and other responsibilities are associated with societal interest, "*economic viability is something business does for society as well*" (Carroll, 1999, p.284). Thus, Carroll stresses the importance of economic responsibility as a fundamental concern of managers. This coincides with the neo-classical view of CSR. Therefore it can be considered a broader interpretation of Friedman's perspective, if observed using Carroll's (1979) interpretation. Carroll (1979) posits that economic viability is a precondition to business responsibility. Friedman's (1970) understanding can therefore be interpreted as one that considers the economic aspect as a prerequisite, not a substitution for business responsibility, as his opponents claim (Carroll, 1998). Friedman's (1970) view suggests that the scope of economic responsibility extends to more than merely profit-seeking. González and Martínez (2004) lend support to this view by suggesting that economic responsibility is a means of generating value within society by translating it into activities such as employee training and development, product innovation, product quality and production process enhancement.

The economic domain of business responsibility is particularly significant within developing countries that lack such activities, which are essential for the development of society.

Secondly, Carroll's (1979) viewpoint aligns with the notion of sustainable development, which stresses that the economic responsibilities of companies are also fundamental from a social point of view. For SMEs, their survival in

general and the availability of sufficient resources to devote to other responsibilities in particular, depends on the company's fulfilments of its economic responsibilities. The survival, existence and profitability of a company depends on the fulfilment of its legal responsibilities, in the sense that if it fails to conform to the law, its operation will be impeded or will be subject to sanctions which impair its profitability. However, as Matten *et al.* (2003) note, the ethical and philanthropic areas of responsibility are central to the study of CSR, due to the differentiation they allow between voluntary business behaviour and mere compliance. An overlap between these two domains is prevalent in the developing countries context, and so this differentiation is valuable.

In effect, the CSR debate has focused on these two kinds of responsibilities, giving little attention to economic and legal responsibilities. Research suggests this is particularly relevant within developing countries, and is thus accorded specific attention in the context of this research. Carroll's (1979) categorization of the CSR domains is considered an important framework in the analysis of CSR, as it provides a more holistic perspective of the CSR concept, and is therefore used when discussing and analysing the phenomenon in the context of the current research.

In the 1980s, the focus was geared towards addressing the groups impacted by these responsibilities, and studies attempted to analyse and prioritise the relationship of the firm with these groups (Matten *et al.*, 2003). Freeman (1984) championed this thinking by introducing the "Stakeholders theory" into the literature (Jawahar and McLaughlin, 2001). Freeman (1984) claims that firms have relationships with numerous myriad groups who have stakes in the business, and that these stakeholders both impact and are impacted by the actions of the firm. He specifies these groups as those who have direct impact on the company, such as customers, employees and suppliers, and those who have an indirect impact on the business objectives and operations, such as government, environment and society at large. Figure 2.4 illustrates these groups. Stakeholder theory emerged as the dominant paradigm in CSR, as it involves several new ways of defining and addressing CSR issues (McWilliams and Siegel, 2001).

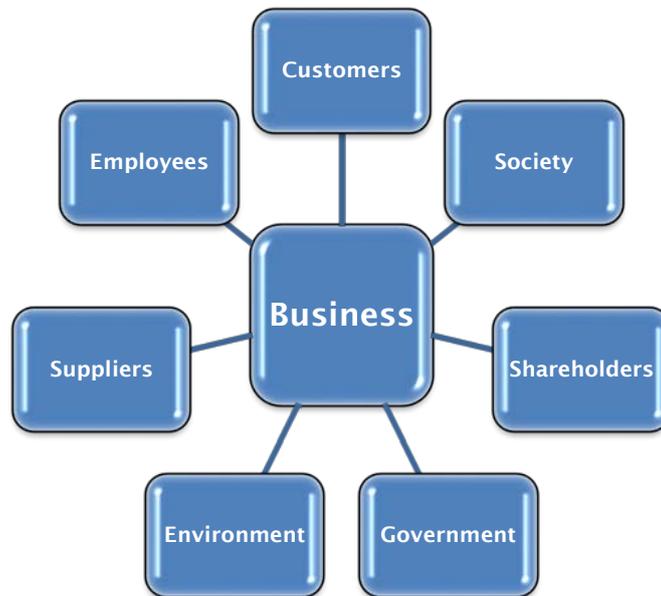


Figure 2.4 Stakeholder groups (Freeman, 1984)

In fact, addressing CSR through stakeholder theory has provided useful insights within business ethics research. In small businesses, which place great emphasis on interpersonal relationships, their responsibilities towards society do not rely on bureaucratic structures where relationships are highly informal (Murillo and Lozano, 2006). This raises the importance of stakeholder relationships to the reality of SMEs.

However, the current research treats the business as an embedded entity in society and as an inseparable component of the context within which it operates. Thus the purpose of this research is to explore not only the micro and meso level dynamics of relationships that could be explained through a stakeholder theory lens, but also to uncover the macro-contextual dynamics influencing these relationships. One valuable critique of stakeholder theory is that it does not address the conditions under which businesses behave responsibly or irresponsibly, as a result of the economic, political and social imperatives that they may confront (Margolis and Walsh, 2003; Campbell, 2007). These imperatives are argued in this research to be more relevant to SMEs, which are more vulnerable to the influence of these conditions. This perspective is discussed in detail in subsequent sections of the thesis.

A broader view of CSR was introduced by Donaldson and Dunfee (1999), that is the “social contract theory”. It presents a tool for managers to take decisions in an ethical context. It advocates that the company’s responsibility extends to serve the whole community in which it operates. Hence companies who adopt a view of social contracts would describe their involvement as part of “societal expectation”. This view is particularly relevant to SMEs who have direct contact with their stakeholders to the extent that their decisions are largely based on a social contact, rather than on other formal or economic considerations. This view furnishes the discussion at the end of this section on the social capital perspective adopted in this research.

2.3.5 The business case phase

Realising that society was becoming more concerned about the outcomes of CSR actions, the focus of the 1990s literature shifted from the nature, scope and boundaries of the responsibilities of businesses to more pragmatic concerns (Matten *et al.*, 2003). This concern gave birth to new streams of literature labelled as corporate social performance (CSP), which measures social responsibility in terms of performance and its impact on general welfare (Matten *et al.*, 2003). A new rationale was needed as an attempt to reconcile the controversies between the two schools of thoughts of CSR: the economic and the moral. During the ensuing decades (late 1970s, ‘80s and ‘90s), a ***performance-oriented*** focus matured (ex.Carroll, 1979; Wartick and Cochran, 1985; Wood, 1991; Wood and Jones, 1995). Scholars at this stage attempted to link CSR benefits with the business itself (Windsor, 2001). Others refer to this linkage as the “business case for CSR” (Carroll and Shabana, 2010). Questions raised at this point attempted to address the tangible benefits a business would get out of CSR engagement. Reconciliation between the social and business benefits was the scholar’s main concern. This caused a shift in the normative conceptualization of CSR, which moved the discussion away from the broader macro-effect of CSR on social welfare towards a meso-organizational effect which benefits businesses from behaving in a socially responsible manner (Lindgreen and Swaen, 2010). From the late 1990s onwards, CSR was therefore linked to strategy literature in an attempt to make a more explicit connection between the concept and the market outcomes

(Porter and Kramer, 2002; Orlitzky *et al.*, 2003; Porter and Kramer, 2006; Kotler and Lee, 2008).

The new rationale reflects a broader rationalisation of the concept, that is, the long-term interest of the corporation hinges upon the welfare of society, or the so-called “*enlightened self-interest model*” (Jensen, 2001). Wood’s (1991) CSP model, as an example of this research, reconciled the implicitly independent and competing ways of thinking about CSR reflected in earlier works. She views CSP as a construct for evaluating business outputs used in conjunction with explicit values about appropriate business-society relationships, rather than a construct totally distinct from business performance, as viewed implicitly by preceding researchers. She used this perspective as a guide in constructing a CSP model. She regards Carroll’s (1979) categories as domains within which the principles of CSR are enacted, but not as principles themselves. She addresses this issue in her model, by offering multi-layered principles for CSR (individual - managerial discretion; organizational - public responsibility; and institutional - legitimacy), which is touched upon in the framework discussion section. What is worth mentioning here is that this principle leaves considerable room for managerial discretion and subjectivity in deciding on the relevant social problems and issues, and the way in which they should be handled. According to Wood (1991) these choices are influenced by the organizational and environmental context within which a business operates.

The above suggests that this perspective is of paramount importance in the context of SMEs, and has two implications for the current research. **Firstly**, despite the existence of certain social responsibilities prescribed in various domains, and due to their dominant role in decision-making, SME owner-managers have full choice over how to fulfil these responsibilities. This highlights the central role of the individual-level analysis being bound to the SME owner-manager, as suggested in this research. **Secondly**, the model acknowledges for the first time in the CSR literature, the significance of approaching the CSR concept through an explicit multi-level understanding, based on individual, organizational and institutional levels of analysis. Thus, Wood’s model paved the way towards a new conceptualisation of CSR that

takes into account the multi-dimensional nature of the concept upon which the current research is pursued.

2.3.6 Sustainability and value creation phase

Such rationale paved the way towards the implementation process that led to a win-win situation, without contradicting the business interest. As a result, the development of a new strategic orientation took place. Philanthropy has been replaced by strategic philanthropy, strategic CSR, shared value and sustainability. Companies still give back to society, but in areas that can enhance their long-term competitive advantage (McWilliams and Siegel, 2001; McWilliams *et al.*, 2006). By applying their core competences to maximize the benefits resulting from their philanthropic activities, companies are able to contribute to more effective social change and value creation instead (Porter and Kramer, 2002; 2006). The final stage therefore embraces CSR as a main ingredient in organizational goals (Jamali, 2007; McElhaney, 2008).

By examining the above perspectives, one can note that they share one common theme: the significance of the relationships between business and society as a resource for socially responsible actions. In order to examine the dynamics of these relationships, sociological lenses were introduced in the business ethics literature to examine the CSR phenomenon through a different lens. Accordingly, social capital theory has gained significant interest, especially in relation to SMEs.

2.3.7 Theoretical and analytical implications linked to the research

By examining the historical development of the CSR concept, one can highlight four significant implications that influence the theoretical and analytical approach of the current research.

CSR cannot be understood from a single level of analysis. Throughout the above mentioned historical evolution, it has developed and changed as a reflection of the reality, needs and expectations of the context in which it is embedded. It follows that the context appears to be influenced by the economic conditions, cultural values and political pressures prevailing at each

stage. As such, a multi-layered framework for theorising CSR was adopted in this research to reflect the influence of these elements.

The discussion above raises the need to introduce a more institutional lens to CSR that frames the concept in broader social terms. Such a view is supported by Bowen (1953), who argues for the use of CSR as a corrective mechanism for the social failures in the laissez-faire economy of the USA. This does not negate the normative nature of CSR. However by tracing the historical development of the CSR concept that embodies the evolvement of the relationship between business and society, starting from Friedman's (1970) conceptualization of CSR as a non-business issue, to a concept whereby social and economic goals reinforce each other, one can notice that companies in the West did not join the CSR movement overnight. Rather, the shift has gone through different phases that have been paralleled by institutional influence.

Regarding the *first* implication, one can aptly observe that the shift from a mere economic conceptualisation to a broader rationalisation, that takes CSR as a part of core business principles, went through an erroneous process (Lee, 2008). A social environment was gradually being constructed throughout these phases, and a totally new social context brought into play, which advances CSR principles (civil rights, women's, workers' and consumers' rights, and environmental concerns), within which businesses operate (Carroll and Shabana, 2010). It would be mistaken to assume that this progress happened without any institutional intervention. On the contrary, the process was coupled with institutional orientation, intervention and support of governments, culminating in this dramatic cultural and paradigm shift in favour of CSR, as documented in the literature (Lee, 2008).

Indeed, since the very beginning of the theoretical development of the concept, the role of government has been noted, although this has not been systematically analysed until recently (Campbell, 2007). Bowen (1953) notes that institutional developments in the "introductory" stage elevated business managers' concerns about societal affairs, through persuading, forcing and providing a favourable environment for their engagement. If one were to examine such institutional changes chronologically, in parallel with the

academic evolution of the concept, it may be observed that Bowen's (1953) theoretical introduction of CSR coincides with the development of a legal environment in the USA which favours CSR (e.g. the New Jersey Supreme Court ruling that legalised business investments for goals other than direct business benefits, etc).

Bowen (1953) observes that the institutional changes in the first half of the 20th Century played a pivotal role in the diffusion of CSR in Western countries. This role entailed mandating, persuading and encouraging companies to join the CSR bandwagon. For example, the legal environment in the USA became more favourable towards CSR, when numerous legislations were enacted to regulate corporate conduct and protect stakeholders' (consumers, employees, the environment) rights. Other legislations that were enacted in the 1950s and '60s to regulate business relationships with employees and consumers confirm this point (e.g. Textile Fiber Products Identification Act of 1958, Fair Packaging and Labeling Act of 1960, Equal Pay Act of 1963, National Traffic and Motor Safety Act of 1966, National Environmental Policy Act of 1969, Truth in Lending Act of 1969, Clean Air Act of 1970, and so on) (Lee, 2008).

Similarly, it has been confirmed that state regulation, in the form of tax law concerning charitable and philanthropic contributions, affects the degree to which businesses behave in a responsible manner (Campbell, 2007). These institutional influences do not stop at the legal institutions (e.g. laws and regulations); several scholars extend it to include the culture as well, justifying the examination of culture in the current research as a major influential factor of CSR adoption by SMEs. For example, Galaskiewicz (1991) notes that operating in normative or cultural institutions which create a set of incentives to encourage ethical behaviour, instils an ethic of enlightened self-interest among the members of society. This situation results from peer pressure to behave in a socially responsible manner. These examples verify Boli and Hartsuiker's (2001) argument, which states that in Western countries, the idea of CSR is adequately institutionalised and rationalised to the extent that companies not only integrate CSR into their core business strategy, but also promote the advancement of social causes in their annual reports and websites. This is why Western governments are demanding more than simply

transparency through reporting. Companies are increasingly required to integrate sustainability into their businesses, and to set social goals that are measurable and relevant to business operations, in addition to reporting on these actions. The Swedish Government is a leading example in institutionalising sustainability through these approaches. Similarly, in the UK, employees' rights issues have been institutionalised. For example, the minimum wage for workers increases every year in the UK. On the contrary, in Egypt minimum wages have not been increased by more than 10% at most for three decades (UNDP, 2010). This has created a tremendous social problem in the country.

The *second* implication is that these theoretical developments have been witnessed almost exclusively by studying the issues in the context of large enterprises, overlooking small and medium enterprises. However, research has shown that CSR is a paradigm that is difficult to translate into SME day-to-day operations (Murillo and Lozano, 2009). The current research addresses this shortcoming by focusing on SMEs as the prime concern in understanding the CSR issue in the Egyptian context. These two contexts appear to be different, and warrant specific attention in the CSR debate, as explained in the rest of this chapter.

The *third* implication is that the theories and models presented above ignore the relational aspects in the CSR debate. This is the role that relationships play in moulding the expectations and obligations of the role of business in society. For this reason, social capital theory is adopted in this research to mirror the reality of SMEs.

Finally, by tracing the development of the concept, the institutional interventions that help in shaping and moulding the expectations of the role of business in society are evident. This conviction leads the researcher to embed a multi-layered framework to highlight these macro-contextual influences and sensitivities in addressing the CSR notion in the Egyptian context.

Having established the conceptual CSR foundation for the research, the following section examines the theoretical perspectives that the research

theoretical framework will draw upon. These four implications are covered in the next section of the chapter.

2.4 SMEs in CSR literature: the forgotten debate

The first section of the chapter reflected on the theoretical foundations of CSR. To complete the picture, and build on the research conceptual framework, this section continues the discussion by covering the literature of CSR in reference to SMEs. To this end, the remainder of this section will discuss and highlight the unique features of SMEs which distinguish their socially responsible attitude, nature and motivation from larger businesses.

2.4.1 Large versus small business from a CSR perspective

Whilst a large body of literature exists on developing a triple bottom-line on large companies, the orientation of such philosophy in small and medium-sized firms is still embryonic, and studies addressing SME engagement in CSR has only recently emerged in the business ethics literature. Table 2.1 summarizes the main areas of study that have contributed to the theoretical development of CSR in SMEs so far (Hamann and Acutt, 2003; Davies and Crane, 2010; Spence and Painter-Morland, 2010; Demuijnck and Ngnodjom, 2012; Gellert and Graaf, 2012; Lee *et al.*, 2012).

Table 2-1 Previous areas of research in SMEs CSR compiled by the author

Areas of research on CSR in SMEs	Main scholars
CSR definition in SMEs	(Ouchi, 1980; Brown and King, 1982)
Ethical perceptions & determining elements of SME owners ethical value system of small business owners	(Hornsby <i>et al.</i> , 1994; Quinn, 1997; Vyakarnam <i>et al.</i> , 1997; Spence and Lozano, 2000; Spence and Rutherford, 2001; Hemingway and Maclagan, 2004)
Motivations of small business owners for CSR uptake	(Ouchi, 1980; Hemingway, 2005)
CSR in SMEs' supply chain management	(Pedersen, 2009)
Factors linked to the size & characteristics affecting the style & uptake of CSR	(Longenecker, 1997; Peel and Bridge, 1998; Spence, 1999; Tilley, 2000; Carr, 2003; Fuller and Tian, 2006; Jenkins, 2006; Lepoutre and Heene, 2006;

Areas of research on CSR in SMEs	Main scholars
	Fassin, 2008; Perera, 2008; Spence and Painter-Morland, 2010; Demuijnck and Ngnodjom, 2012)
Link between CSR & firm's financial performance	(Arlow and Ackelsberg, 1991; Orlitzky, 2001; Spence and Rutherford, 2001)
Strategies & instruments for organizing CSR	(Graafland <i>et al.</i> , 2003)
Stakeholder's relationship influence on CSR commitment in SMEs	(Thompson and Smith, 1991; Ram, 1999; Curran <i>et al.</i> , 2000; Jones and Tilley, 2003; Longo <i>et al.</i> , 2005; Jenkins, 2006; Murillo and Lozano, 2006; Worthington <i>et al.</i> , 2006; Perrini <i>et al.</i> , 2007; Sweeney, 2007; Gadenne <i>et al.</i> , 2009; Nielsen and Thomsen, 2009)
Business benefits of SMEs CSR engagement	(Sarbutts, 2003; Enderle, 2004; Vives, 2006; Worthington <i>et al.</i> , 2006; Avram and Kühne, 2008; Russo and Perrini, 2009)
Practical application of CSR practices in SMEs	(Graafland <i>et al.</i> , 2003; Lepoutre and Heene, 2006; Perrini <i>et al.</i> , 2007; Spence L.J., 2007)
CSR measures implemented by SMEs	(Vives, 2006; Perrini <i>et al.</i> , 2009)

This proliferation of public and academic concern over the business ethics of large companies has been attributed to many reasons. These reasons are elaborated in the following discussion.

First, one main reason is the governance and behavioural actions of large corporations, which have provoked many well-publicized scandals in the last few decades (e.g. Enron, British Petroleum, Nike, etc.). Such growing concern is triggered by an increased awareness of environmental matters and the profound effect that large companies can have on the physical environment. Consequently, the centre of attention in the CSR area has been mainly on large firms' ethical practices that present an extremely visible threat to the environment (Jamali and Mirshak, 2007). These ethical issues grabbed the headlines, and provided academics with rich material on which to build their studies and research. As a result, the significant role that SMEs can play in developing the societies in which they operate has been largely overlooked (Spence and Painter-Morland, 2010; Lee *et al.*, 2012).

Although SMEs are less visible than large companies and rarely attract national media attention (Storey, 1994), the social impact of SMEs is portrayed by their

efforts in nurturing entrepreneurship, building capacities, fostering innovation and boosting job creation for the less well-off who would not otherwise be employed by big corporations (Raynard and Forstater, 2002; Spence and Painter-Morland, 2010). Thus, SMEs represent a fruitful ground for the development of CSR practices (Jarvis, 2004; Vives, 2006; Spence and Painter-Morland, 2010; Demuijnck and Ngnodjom, 2012).

A *second* reason for the limited research in the SME context is the treatment of SMEs in the CSR discourse as *'little big companies'*. In this respect, it has been falsely assumed that large companies are managed in the same way as a group of smaller ones (Quinn, 1997; Tilley, 2000; Davies and Crane, 2010). CSR itself has been treated as a universal concept that can be transposed to all companies, regardless of their size (Jenkins, 2006; Jenkins, 2009; Morsing and Perrini, 2009). However, research has highlighted that SMEs are subject to a number of distinctive and intrinsic characteristics which distinguish them from their larger counterparts (Grayson, 2006; Demuijnck and Ngnodjom, 2012). These distinctions are evident in terms of the *nature and scope of relationships, size, contextual characteristics, structure and language*.

Such differences affect the content, motivations, nature and extent of their socially responsible activities (Spence and Painter-Morland, 2010). This indicates that it is essential to be acquainted with the unique characteristics and underlying values of SMEs, which differentiate them from larger enterprises for which the methodologies and conceptions of corporate social responsibility have been targeted. One of the objectives of this research is to fill this void by exploring how SMEs themselves conceptualize their role in society from a relational perspective.

2.4.1.1 SMEs structure

SMEs are very heterogeneous in terms of size and working structure. They vary from being micro enterprises with literally no employees to medium-sized businesses with over 100 employees (Murillo and Lozano, 2006). They have a limited number of different stakeholders. Most SMEs are either owned by one family or are privately held by a small group of shareholders (Fassin, 2008). They have less documentation on transactions, and fewer procedural hurdles

(Longenecker *et al.*, 1989; Fassin, 2008). They have more relaxed control systems, and their structures tend to be less formal than large companies (Spence, 1999; Fassin, 2008).

Such a unique structure influences the nature of their relationships, and, in turn, their CSR practices, which tend to be of a more informal style (Holliday, 1995). It also influences the motivation for their social engagement.

2.4.1.2 Nature of relationships; social contract

In the context of this renewed interest in SMEs, studies have attempted to explore how the *nature of relationships* with stakeholders distinguishes SMEs from their larger counterparts, and how this can influence their orientation towards CSR practices. One striking difference revealed from these studies is the personalized management style and informal management structure compared to large companies (Jenkins, 2005; Perera, 2008; Battaglia *et al.*, 2010; Demuijnck and Ngnodjom, 2012). For example, Fuller and Tian (2006) observe that the nature of doing business is highly personal, and Jenkins (2004b) notes that the human element is likely to have implications on the way SMEs approach CSR. Murillo and Lozano (2009) emphasize the significance of personal relationships in shaping socially responsible practices in the context of SMEs. Lepoutre and Heene (2006) and Spence L.J. (2007) attribute the existence of this personalized relationship to the inability of SMEs to compete with larger companies in terms of price and scale. This raises the importance of informal relationships between the owner/manager and his/her employees and customers as a means to the success of the business.

Equally, Carlos and Torraleja (2007) emphasize the high level of coherence between SMEs and their local community, and point out that this is a distinctive feature in these firms. Accordingly, SME entrepreneurs are likely to be more sensitive and committed to the expectations of their stakeholders than those in larger organizations (Solymossy and Masters, 2002), as elaborated further below.

2.4.1.3 CSR motivations; owner-manager-driven approaches

The unique nature of SME relationships with stakeholders is likely to influence their *motivation* to act in a socially responsible manner. Hence, studies have explored how the motivations for CSR differ within such a personalized and informal context. Fuller and Tian (2006) suggest that the impetus for CSR practices in SMEs is due to their embeddedness within the community. Their legitimacy with their immediate stakeholders, they argue, provokes SMEs to accord special attention to their responsibilities towards them. Such embeddedness is linked to the owner, who is normally a member of the community and who, as a result, feels that he is responsible for his fellow members' well-being. In this respect, research highlights the important role of the owner-manager's value system, beliefs and ideology in building commitment and motivation for CSR in his/her company (Grayson, 2006; Spence L.J., 2007; Demuijnck and Ngnodjom, 2012).

Therefore, it is moral and ethical principles that govern the relationships inside SMEs and distinguish them from large companies. In multinationals, for example, branch managers may have the same degree of autonomy as if they were managing their own small business. However the actions of the managers in these branches are still mediated by the well-established norms, imposed systems and constraints that are set up by the larger company and embedded within its corporate culture. The principle-agency relationship characterizes large corporates, but does not exist in small firms. This relationship limits and guides the actions of the corporate manager (agent) to pursue one goal on behalf of his principle (corporation) which is profit-maximization (Jensen and Meckling, 1976). Hence focusing on ethical principles is limited in this context to the extent that they could compromise their personal values in order to align them with those of their company (Bucar and Hisrich, 2001). Entrepreneurs, on the other hand, are self-employed and are normally in a solid position to freely incorporate their ethical attitudes in their decision-making (Quinn, 1997; Spence and Painter-Morland, 2010; Demuijnck and Ngnodjom, 2012). In this sense, SMEs are likely to be considered as owner-manager driven. The CSR application is described by Gellert and Graaf (2012) as a sense-making process, which is defined by the social contract resulting

from the constant interaction between employees and their employers, whose norms and values shape the business policies (Basu and Palazzo, 2008).

Along the same lines, Jenkins (2004a; 2006) points out that unlike multinationals, where CSR motivation stems from consumer pressure, NGOs and civil society, or from the need to protect brand image or reputation, CSR in SMEs is moulded by the strong integration of SMEs in the community. Their philanthropic activities attract little attention or publicity (Vives, 2006), and therefore they tend not to have the same pressure. They are motivated to address issues that are “closer to home” - those concerned with their immediate stakeholders, such as customers, suppliers, employee well-being and community development. Vives (2006) also observes that these internal aspects of CSR are of paramount importance to SMEs. He notes that they give priority to internal areas revolving around work-life balance, employee development, health, etc. Their need to address these issues results in an informal, ad hoc way of engagement.

2.4.1.4 Informal nature of CSR in SMEs

Various scholars have alluded to the uniqueness of CSR in SMEs in terms of the *informal nature* of CSR activities. SMEs do not normally tend to use many CSR instruments, due to lack of specialized staff and the time needed to produce these special reports (Longenecker *et al.*, 1997; Peel and Bridge, 1998; Fassin, 2008). Because of their low visibility, SMEs perceive that there is not much incentive to report on CSR actions to prove their social engagement (Demuijnck and Ngnodjom, 2012). Social and community activities in SMEs are therefore less formal, which makes their CSR practices unidentifiable and more difficult to observe (Moore and Spence, 2006; Demuijnck and Ngnodjom, 2012). For example, reporting, code of conduct, policy manuals for ethical issues, ethics audit, compliance manual, managers responsible for ethical issues, ethics standards and indexes¹, training programmes on ethics and sanctions for

¹ To measure the performance of enterprises in matters of business ethics, several ethical indexes have been introduced in North America and Europe: the Domini 400 Social Index (DSI), the Citizens Index, the Dow Jones Sustainability World, the Jantzi Social Index (JSI), the Triodos

ethics transgressions etc., barely exist in SMEs (Spence L.J., 2007; Belak and Milfelner, 2011). SME CSR practices, together with their CSR strategies (if they even exist), are therefore highly fragmented in comparison with their larger counterparts (Spence and Lozano, 2000; Graafland *et al.*, 2003; Perrini, 2006; Battaglia *et al.*, 2010; Gellert and Graaf, 2012) .

Although the majority of small businesses do not have written CSR policies, this does not mean that they are not engaged in such practices (Welford, 2005; Perrini, 2006). Regardless of their informal engagement with CSR issues, many authors note that SMEs respond to the urgent needs and concerns of their communities without necessarily framing this in “CSR” terms, or describing it as such. It is simply part of their day-to-day operations, and hence, they are unconsciously socially responsible, as many authors have suggested (Jenkins, 2004a; Longo *et al.*, 2005; Perrini, 2006). Roberts *et al.* (2006) and, later, Spence and Painter-Morland (2010) both observe that CSR is what SMEs do every day. In fact, CSR is not new to SMEs. Over the decades, research has shown that they were more likely to engage with CSR long before the recent proliferation of the concept by large corporations and political initiatives (Murillo and Lozano, 2006). They conventionally show responsible attitudes through their engagement with local communities, by investing in philanthropy programmes, and through their core business activities, which support local events, and boost job generation (Audretsch, 2002; Jenkins, 2006) and growth creation (Wennekers and Thurik, 1999; Audretsch, 2002). These efforts are not regarded as corporate social activities, but rather as philanthropic efforts (Weltzien Hoivik and Melé, 2009). Building and maintaining relationships, integrity, reputation, legitimacy, caring for employees and community engagement is often an everyday part of SME life (Spence and Painter-Morland, 2010).

This unique nature of SMEs demonstrates the ineffectiveness of using the formal tools and models developed for large companies to achieve the same objectives in SMEs (Holliday, 1995; Longenecker *et al.*, 1997; Peel and Bridge,

Sustainable Investment Index, the Ethical Index Euro, the Ethibel Sustainability System, ASPI Eurozone, the CSR Rank of Slovenian Enterprises, etc. (Belak, 2011).

1998; Fassin, 2008; Davies and Crane, 2010). “*The one size fits all*” approach, does not reflect the dynamic nature of the CSR concept (Argandoña and Von Weltzien Hoivik, 2009). For example, Spence and Painter-Morland (2010) note that these tools (e.g. ethical codes, reports, or CSR indicators) would signify an excessive proportional investment in time, finances and energy for SMEs, because they were developed with large companies in mind.

2.5 CSR and SMEs in developing countries

In the context of developing countries, SMEs are an immense economic power that can indeed steer the engine of growth and development of these societies (Lee *et al.*, 2012). They have the potential to eradicate poverty (Jenkins, 2004b), create markets for small suppliers and fight monopolization and social inequality (Spence and Painter-Morland, 2010). Moreover, the contribution of SMEs towards boosting employment in these economies, where businesses tend to use more labour-intensive production processes, is significant. This, in turn, leads to an equitable income distribution in these economies, where the disparity levels in income are quite stark (Luetkenhorst, 2004). The outcome of such engagement can result in social cohesion and overall stability of these societies (Jarvis, 2004; Luetkenhorst, 2004; Vives, 2006).

While the significant economic contribution of SMEs in developing countries is acknowledged and well understood, their responsible business practices have not been widely studied (Luken and Stares, 2005; Jamali and Mirshak, 2007; Dzansi and Pretorius, 2009). This comes as no surprise, given the novelty of research on large companies’ ethical practices in developing countries, that have only recently started to evolve (Yin and Zhang, 2012). Studies have shown that CSR initiatives can play a substantial role in mitigating many of the problems that these countries face: improving labour rights, combating child labour, reducing environmental pollution and poverty (Jarvis, 2004; Gupta, 2007; Mitra, 2009). However, SMEs in developing countries face a number of challenges which hinder their ability to engage in CSR practices. These include limited financial and human resource endowments, the development of international trade linkages, access to finance, both internationally and domestically, in addition to the creation of an entrepreneurial culture and ethical business environment. Lack of power, both in negotiation and in

policy-making, lack of competence, lack of trust, lack of information and widespread corruption are additional challenges faced by these companies (Lepoutre and Heene, 2006; Mandl and Dorr, 2007). This raises a debate in the literature on whether such context-specific conditions under which SMEs operate provide a disabling environment which may restrict their social contribution, or even tempt them to become involved in socially irresponsible practices and behaviours, e.g. bribery, tax avoidance, etc. (Blackman, 2006).

Hence academics in the business ethics field have been calling for more research to examine CSR-related issues in the context of developing countries, in order to better understand the conditions shaping their CSR engagement (Jenkins, 2005; Luken and Stares, 2005; Blackman, 2006; Carron. *et al.*, 2006; Carlos and Torraleja, 2007; Spence L.J., 2007; Spence and Painter-Morland, 2010; Visser and Tolhurst, 2010). Dobers and Halme (2009) argue that the CSR debate needs to be globalized to integrate developing countries' perspectives, and to convey experiences "from the ground" of these contexts.

As a result, academic scholars have sought to understand how the phenomenon may change in different contexts, and may have different consequences and outcomes (Halme *et al.*, 2009). For example, Matten and Moon (2008) note that different cultures affect how consumers expect businesses to behave. They argue that customs dictate what activities companies are more eager to engage in. This is attributed to the very nature of CSR. CSR is a contextual and dynamic concept; its absolute standards do not yet exist and may change in terms of culture (Daugherty, 2001; Argandoña and Von Weltzien Hoivik, 2009). Along the same lines, Golob and Bartlett (2007) examined how culture can affect the level of CSR integration into the business strategy. They found that in developing countries, companies tend to separate their CSR activities from business, and consider them to be discrete and disinterested generosity, while Western countries consider CSR a win-win approach, and show more integration of these activities into their business strategies. Halme *et al.* (2009) maintain that understanding local conditions is essential for developing relevant CSR initiatives that better accord with the needs of the context. Similarly, Sjöström and Welford (2009) call for an understanding of the institutional conditions enabling CSR efforts in the

financial sector. They suggest that many of the circumstances taken for granted that enable CSR, such as laws and regulations, efficiency of NGOs and awareness of CSR among the business community, are lacking in many developing countries. Concern over the Western-centric nature of CSR research has been echoed in the literature (Belal, 2001; Lindgreen and Swaen, 2010). Many authors caution against seeing CSR issues as merely a Western influence, rather than being a culturally specific and institutionally bound phenomenon (Campbell, 2007; Yin and Zhang, 2012).

A growing body of research has started to address these concerns. For example, in Canada, the UK, and the USA, various empirical studies on small business/CSR interface have generated context specific frameworks to guide these companies' social responsibility agenda. Similarly, in Spain, researchers developed the "Catalan social responsibility framework" for small businesses (Dzansi and Pretorius, 2009). However, Spence and Rutherford (2003) highlight the danger of using such exported corporate models and frameworks as a benchmark for developing countries' SMEs. Spence and Painter-Morland (2010) point to a divide between the developed and developing countries with respect to the realities of SMEs, which may operate in different and difficult political and economic environments. This is evidenced by a noticeable lack of government recognition and support that SMEs in developing countries receive compared with their peers in developed countries. The financial and non-financial burdens and challenges that developing country SMEs may encounter, for example, the regulatory environment with its tax structure and rigid compliance mechanisms, weak legal and judiciary systems, weak institutions, limited human resources capabilities (Mensah, 2002; Young *et al.*, 2008), in addition to corruption, fraud and conflicts of interest, are all stark realities. Within these environments, SMEs are more prone to complement, if not to substitute, governmental efforts to fill those gaps by espousing CSR initiatives (Jenkins, 2005; Luken, 2006; Baughn *et al.*, 2007).

In light of the above considerations, there is an urgent need to rethink the way in which CSR is understood by SMEs in these countries. Empirical research should be conducted from a developing country perspective, in order to identify the unique challenges, frameworks, and metrics applicable to those

particular contexts (Dzansi and Pretorius, 2009). There is also a need to develop initiatives that consider the specific needs, objectives and priorities of the SMEs and the communities in which they operate (Spence and Painter-Morland, 2010). In short, it is imperative to understand the topic in a way that better accords with the day-to-day realities faced by SMEs. This study offers the opportunity to make a real contribution to the literature by filling this gap.

2.5.1 Previous CSR research in African and MENA region

In Africa, studies have addressed environmental management and environmental responsibility in multinationals (see Alemagi *et al.*, 2006; Edoho, 2008; Rizk *et al.*, 2008), and in the automotive industry (Kehbila *et al.*, 2009). There have also been studies on: corporate governance, accountability, social and environmental disclosure and reporting in big corporations and multinationals (Wahba, 2008; Mitchell and Hill, 2009), social initiatives by global companies in the pharmaceutical industry (Dunfee, 2006) and multinational companies in the oil industry (Ite, 2004; Idemudia, 2007; Ite, 2007); the relationship between sustainable development and cultural heritage management (Keitumetse, 2011); public perception towards sustainable development initiatives (Rinzin *et al.*, 2007); and the role of government in promoting sustainable industrial development (Short, 2008). However, these studies mainly focus on multinational and large companies.

With regards to SMEs, Spence and Painter-Morland (2010), addressed the topic in developing and emerging economies such as Argentina, India, Latin America, Portugal, Thailand and Hong-Kong, and eleven countries in Africa. Their research reveals that even African countries are by no means homogenous, and that there is a need to view each country in isolation, because some countries are more developed than others, and face issues that are unique to their particular realities. Although their work is valuable, in the sense that it offers a global overview perspective on CSR, much weight is given by the authors to developed countries, and to the reasonably well-established research on business ethics in SMEs in these countries. This is due to the difficulty of accessing local research in developing countries, for reasons such as language barriers. They call for more research in other developing countries not included in the sample to deepen our understanding of the cultural context

of these countries. This gives the current study the opportunity to make a real contribution to the literature by its ability to overcome some of these barriers (language, access to local studies, etc.) and to add empirical evidence to the CSR debate in developing countries.

Very few studies have been conducted specifically in the MENA (Middle East and North African) region, where socio-economic realities and cultural and religious factors differ tremendously from the countries that have been studied before. These macro factors constitute diverse issues which individual countries in the region might share, and can offer analogous perspectives which distinguish them to a degree as a different group.

In fact, despite the similarities that bind the countries in the region in terms of cultural heritage, language and religion, national differences cannot be ignored. Individual developing countries differ between themselves, and this calls for a need to study the business-society relationships in the MENA region and elsewhere at an individual country level (Jamali, 2007; Dahawy, 2010). Morality and businesses are deeply culture-bound and language-dependent (Enderle, 1996), and this distinction has the potential to bring about different findings and implications.

More specifically, the peculiarity of the daily institutional challenges confronted by Egyptian SMEs merits close attention, and requires specific initiatives to diffuse social responsibility among SMEs at a national level (Ibrahim *et al.*, 2012; Ibrahim, 2014).

This study is an attempt to fill a gap in the domain related to business and society relationships. Building on this knowledge could be a major contribution to furthering the uptake of CSR among Egyptian SMEs.

2.6 Theoretical and analytical perspectives adopted in the research

Reflecting on the distinctive characteristics of SMEs discussed in the literature, the next section attempts to discuss the CSR phenomenon through the lens of

the relevant theoretical perspectives which, this research argues, can act as guidelines for the empirical investigation of SME CSR in a developing country context. The discussion is supported by justifications for these arguments.

In order to examine CSR in SMEs, it is essential to create a conceptual framework to assess and identify the key areas of this study. Miles and Huberman (1994, p,18) describes such a framework as *“a visual or written outcome that explains either graphically or in narrative form, the main objects that need to be studied, the key factors, concepts, or variables, and the presumed relationships among them”*. This study is based on a conceptual framework that draws on social capital theory reconciled with a multi-layered level of analysis. This is argued to be relevant in addressing the issue in a developing country context, and thus provides useful insights theoretically and practically. There is a clear absence of such a framework in the literature linking CSR in SMEs and social capital, and embedding them within a broader multi-layered framework. The following sections describe in detail how the CSR phenomenon can be explained through such a theoretical and analytical lens.

2.6.1 Social capital theory: a theoretical framework for CSR in SMEs

CSR, according to the definitions introduced earlier in this chapter, is a concept whereby companies integrate social concerns into their business operations, and in their interaction with stakeholders on a *“voluntary”* basis. This implies that investment in these voluntary activities entails a social dimension and resources that motivate these actions. In this respect, there is consensus among authors on the significance of relationships and the intangible assets that evolve from them as a resource for social action. This view is supported by Yin and Zhang (2012), who note, after reviewing the literature, that economic prosperity is not directly linked to CSR development, but that rather, some other non-economic factors, such as historical traditions that shape social relations, explain CSR involvement across countries. Chapple and Moon (2005), likewise, note that this is particularly the case in developing countries. Their studies in Asian countries reveal that India has the highest level of CSR development, although it appeared to have the lowest ranking in terms of GNP among the sample studied. They link CSR involvement to non-tangible reasons, related to long-standing relationships and social connections that are

religiously and culturally derived. This social dimension is elaborately captured in the social capital concept, and illustrated in the broad definition provided by (Putnam, 1995, p. 19), who refers to the concept as “*connections among individuals social networks and the norms of reciprocity and trustworthiness that arise from them that can improve the efficiency of society by facilitating co-ordinated actions*”. This significance is particularly relevant to SMEs (Jenkins, 2006; Murillo and Lozano, 2006; Battaglia *et al.*, 2010). Stakeholder relationships in SMEs tend to be based on an informal, trustworthy, intuitive basis, to the extent that some authors refer to small or family-owned businesses as “stewards” (Miller, 2008) or “benefactors” (Murillo and Lozano, 2006) over their immediate stakeholders.

As a result, social capital has attracted the bulk of attention in the business ethics literature. It is viewed as a powerful theoretical lens, through which CSR in SMEs can be better understood, as the conceptual and empirical work of the following scholars suggests (Fuller and Lewis, 2002; Spence and Schmidpeter, 2003; Spence *et al.*, 2003; Brooks, 2005; Fuller and Tian, 2006; Maak and Pless, 2006; Perrini, 2006; Worthington *et al.*, 2006; Maak, 2007; Avram and Kühne, 2008; Perrini *et al.*, 2009). For example, according to Spence and Rutherford (2003), an interactive sociological lens has significant function in defining CSR research. Goss (1991) also supports a sociological approach in studying SME behaviours, which takes social relationships and the characteristics of small business as the focal point.

These studies confirm the intertwined theoretical relation between the two concepts identified in this research. CSR has proved to be an effective tool in fostering social capital creation and accumulation in SMEs. Alternatively, social capital is an essential rationale when finding a motivation for SMEs to engage in socially responsible behaviours (Spence *et al.*, 2003). The above discussion suggests that social capital comprises a valued resource that facilitates the conduct of social affairs (Nahapiet and Ghoshal, 1998), including ethical and responsible concerns (Maak, 2007; Battaglia *et al.*, 2010).

As such, this study helps to expand a growing line of inquiry calling for the use of a sociological lens that treats CSR in a socially-centred manner. Such an

approach better reflects the reality of SMEs that hinge on relationships and non-monetary assets to ensure their survival (Maak, 2007). As a response to these calls, and drawing on these views, the researcher deems social capital approach to be an appropriate theoretical perspective that contributes to the understanding of the CSR phenomenon in an SME context, as elaborated in the following sections.

2.6.1.1 Social capital dimensions

Various scholars agree on the main premise of social capital, which is that relationships are a resource for social action and society prosperity, but they lack consensus on a precise definition of the term. Some authors, such as Baker (1990), emphasize a single dimension of the concept, by limiting its scope to the structure of the relationship networks, whereas other authors, like Bourdieu (1986) and Putnam (1995) extend its scope by including in their conceptualization the actual or prospective resources which such networks can make available.

Building on, amongst others, Putnam (1995), Bourdieu (1986; 1993), Granovetter (1985) and Burt (1992), Nahapiet and Ghoshal (1998) combine the previous perspectives, providing a structured analysis of the concept. They frame it in three clusters: *cognitive*, *structural* and *relational*. The *cognitive* dimension refers to the shared representations and systems of meaning, as in the shared understanding and shared language among parties of what is commonly perceived as desirable (Nahapiet and Ghoshal, 1998). The *structural* dimension refers to the overall pattern of connections between actors. The *relational* dimension refers to the personal relationships people have developed with each other through a history of interactions. The core characteristics of this dimension are the obligations and expectations, identity and identification, reciprocity and exchanges, legitimacy, relations of trust and trustworthiness and norms of behaviours (Coleman, 1988; Putnam, 1993; Fukuyama, 1996; Nahapiet and Ghoshal, 1998; Portes, 2000; Pretty and Ward, 2001).

These dimensions are highly intertwined although separated analytically (Nahapiet and Ghoshal, 1998), as illustrated in Figure 2.5

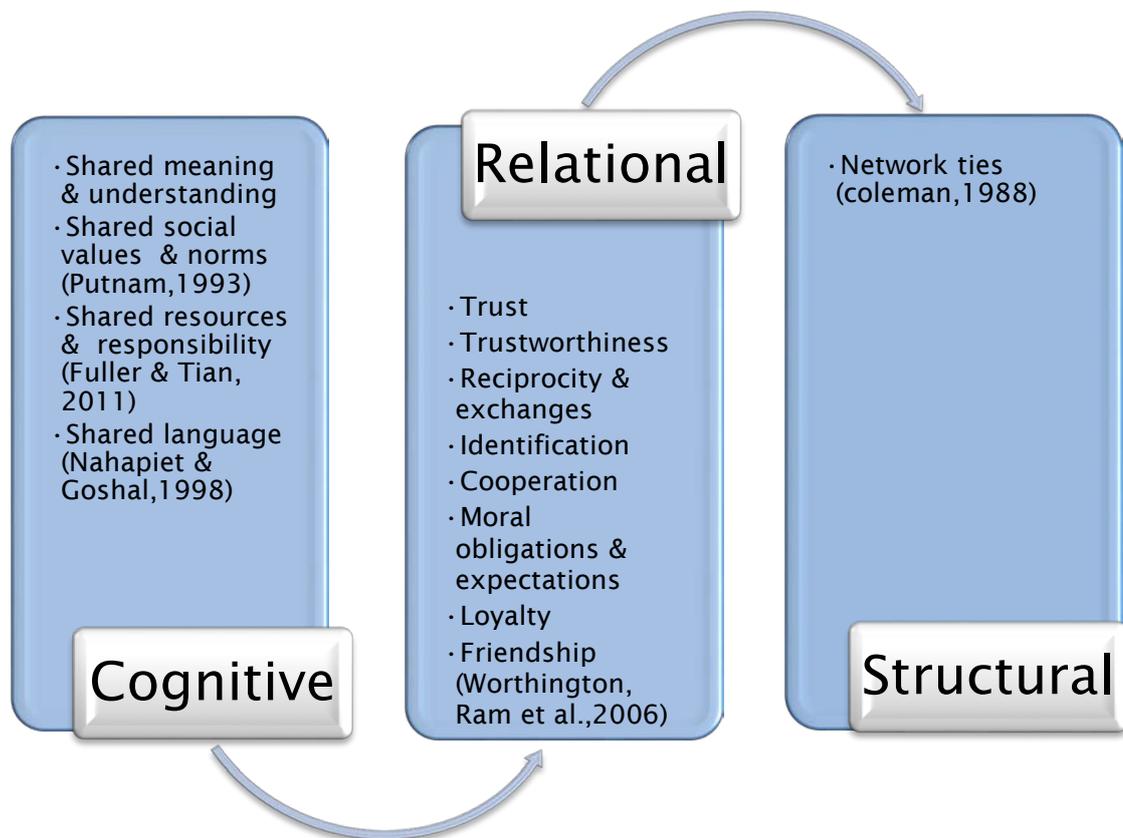


Figure 2.5 Social capital dimensions adapted from Nahapiet and Goshal (1998)

By examining these social capital dimensions, one can observe an obvious overlap and certain commonalities that exist between them and the investigation into CSR in SMEs, which can contribute significantly to the literature. The three dimensions of social capital are touched upon in the business ethics literature concerning SMEs. Some authors note that it is the network of interpersonal relationships that affect how SMEs function (**relational** and **structural**) (Spence *et al.*, 2003; Jarvis, 2004). These close relationships can facilitate valuable business information that SMEs lack access to in the business environment (**structural**) (Murillo and Lozano, 2006). Others confirm that this strong network helps to create mutual relationships with company stakeholders, resulting in strong ties (**structural**). These ties can create a confident, trustworthy atmosphere (**relational**) that enables the cultivation of collective CSR actions (Spence *et al.*, 2003). Spence *et al.*, (2003) explicitly state that SMEs are more prone to invest in these different forms of social capital (relationships and networking, mutual recognition, etc.) than

large companies, and argue that CSR is a tool to achieve that goal. Maak (2007) posits that shared ethical norms and values are what formulate social capital (**cognitive**). Thus, in the context of SMEs, it is essential for owner-managers to establish common ethical beliefs and to nourish a common ethical relationship with stakeholders for social capital to develop.

One might argue here that social capital therefore has an ethical component. It cannot be regarded solely as exchange of benefits, or generalised norms of reciprocity (Gouldner, 1960), otherwise it would not be valuable, and would not have “capital” for that matter. It is shared ethical norms and values that formulate social capital (Maak, 2007). Understanding the conditions through which these mutual relationships can be established is thus crucial, and is examined in the current research. As such, the interwoven relationship between CSR and social capital dimensions becomes more lucid. One may argue that social capital, as an umbrella concept, has very promising prospects in helping to account for CSR in the context of SMEs in general, and in developing country SMEs in particular (Matten and Moon, 2008).

2.6.1.2 Theoretical framework adopted in the current research

Rooted in the above discussion, the originality and pragmatic power to use social capital as a basis for CSR understanding stems from two sources: *first*, using a social capital framework draws attention to the favourable intangible consequences of sociability characteristics. *Second*, it places those positive consequences in the framework of a broader understanding of capital, and highlights how such non-monetary forms of capital, manifested in CSR practices, can be significant sources of advantage and social influence (Portes, 2000). These conclusions illustrate the relevance of the social capital philosophy to SMEs in developing country contexts, where it can facilitate market and other benefit exchanges not based on monetary transactions, but rather on sociability-related mutual benefit exchanges.

As discussed in the CSR literature in the first part of this chapter, CSR values, principles and theories are attributed to a common set of ingredients, including shared goals of prosperity, shared value creation, reciprocal exchanges of benefits between businesses and stakeholders, transparency,

integrity and trust. These elements correspond thoroughly in turn to cognitive, structural and relational dimensions of social capital. The research therefore builds on the well-developed theory of social capital adopted by Nahapiet and Ghoshal (1998). The reason for drawing on this particular framework is threefold: **first**, their framework provides a greater analytical power for the social capital concept (Jamali *et al.*, 2011). Considering aspects of social capital in terms of these three categories, rather than relying on a single or generalised definition of social capital, has proved to be more effective in examining CSR in the SME context (Fuller and Tian, 2006). It reflects the multi-dimensional nature of CSR that fits neatly into the three categories which determine the ethical quality of the concept, e.g. shared ethical values, beliefs, etc. (Maak, 2007) and addresses the objectives in this research (see Table 1.1, p.4). **Secondly**, Nahapiet and Ghoshal (1998) took the social capital literature a step further by introducing the “cognitive dimension” to the notion. This serves one of the objectives of this research, focusing on the micro-individual’s (i.e. SME owner-manager’s) cognitions, conceptualization and understanding of his/her role towards society. These cognitions are highlighted in the SME literature section to be of paramount importance for CSR engagement in an SME context. **Thirdly**, although authors in the literature separate these three dimensions analytically, it has been recognized that many of the features are, in essence, highly interrelated (Nahapiet and Ghoshal, 1998; Jamali *et al.*, 2011) as discussed above. (Bourdieu, 1986; Burt, 1992; Nahapiet and Ghoshal, 1998). In order to gain a holistic understanding of CSR, social capital is referred to in this research as a concept that comprises both the **network** and the intangible **assets** that can be mobilized and accessed through that network, in addition to the **shared understanding, values and goals** between the members of the networks.

Hence, it makes perfect sense to bring together these dimensions under one framework. This allows the researcher to probe further around the salience of the critical ingredients that cherish SME socially responsible endeavours and the three dimensions of social capital. A multi-layered framework has the potential to consolidate what has been studied disparately in the CSR literature in general, and SME CSR literature in particular. Figure 2.6 presents the research conceptual framework which serves the purpose of consolidation.

2.6.2 Multi-layered approach to theorizing CSR

Most situations and actions that are shaped by them are a combination of micro, meso and macro elements. Micro situations are those conditions that bear direct relation to the individual. Meso conditions are those relating to the entity and the surrounding environment. Macro factors include historical, social and political conditions, which, although distant from the individual, contribute to shaping these situations (Corbin and Strauss, 2008). The interplay between these levels and factors at each level fuses to create events and situations (Corbin and Strauss, 2008). Examining and tracing the intertwined relations between these three factors back to the events and situations enhances understanding of the full scope of subsequent actions, interactions and consequences that follow. Further, it delineates the influence that such interplay has in shaping the situations (Corbin and Strauss, 2008). This view highlights the close relationship that exists between the structures and agents, by demonstrating the intertwined relationship between the different levels of social reality (i.e. micro, meso and macro) (Bourdieu and Wacquant, 1992). To better understand a social phenomenon, it is instrumental to investigate the structures (i.e. meso and macro) of the context in which the social phenomenon exists, along with the individual agents (i.e. micro) who enact, reproduce and subscribe to these structures, as well as the institutionalized dynamics (i.e. macro) influencing both structures and agents (Bourdieu and Wacquant, 1992).

Acknowledging the shortcomings of a single-level of analysis in the better understanding of a complex social phenomenon, a multi-layered framework has been applied in recent studies, in different domains of management and organisational studies (Özbilgin and Tatli, 2008; Syed and Özbilgin, 2009; Finnegan and Currie, 2010; Kimmel and Volet, 2010; Karataş -Özkan, 2011; Tatli, 2011; Tatli, 2012; Tatli, 2014).

As discussed in Section 2.3 in this chapter, CSR in previous research generally falls into what Carroll (1979; 1998) has described and labelled as the discretionary and ethical responsibilities of business, that intends to improve an important aspect of society or relationships with communities or third party organisations (e.g. NGOs). As a result, CSR has been commonly operationalized

as community relations, philanthropic, multi-sector collaboration, or volunteer activities (Waddock, 2004) . This treatment of the concept signifies the multi-layered nature of CSR (i.e. meso-organizational and macro-environmental) that is engrained in the socio-cultural environment in which it exists (Brooks, 2005). This observation is further supported by drawing on previous research on CSR in SMEs, which leads to the conclusion that micro-meso and macro domains of CSR exist in a state of relational interrelatedness. This is mainly because it is a product of individual beliefs, values and experiences, as well as meso-organizational and macro-national responses towards socially responsible concerns (Brooks, 2005; Argandoña and Von Weltzien Hoivik, 2009; Jamali and Neville, 2011).

As a result, the limitations of research focusing on single-level explorations of CSR have been recently recognized by authors who seek to address this gap (Spence, 1999; Moore and Spence, 2006; Aguilera *et al.*, 2007). However, only a few researchers have addressed this issue. For example, Aguilera *et al.* (2007) offer a multi-level theoretical model that explains the motives of different actors acting at multiple levels (individuals, within firms, within nations, and within transnational organisations and in transnational interactions) to put pressure on companies to engage in CSR initiatives. The authors argue that the use of a multi-layered approach enhances the understanding of how actors' motives within and across levels aggregate to facilitate or hamper CSR. Drawing on this model, but applied to institutional investors, Aguilera *et al.* (2006) conducted a comparative study between the USA and the UK that explained the institutional investors' motives in their concern over companies' CSR performance. Their study offers a broad view of the institutional and socio-political contexts in which the firms operated, by highlighting the salient differences between the corporate governance arrangements in the two countries and their implications on CSR issues. Similarly, Egri (2006) examined at the micro (individual) and macro (national) levels the effects on attitudes towards corporate social responsibilities in 28 countries. Their macro-level variables drew on the different societal cultural values prevailing in these countries. The research showed that although managerial personal values were a major influence on the type of CSR activities that managers were likely to support, national cultural and market settings were of equal, if not of a stronger influence on managerial CSR practices. The

results highlight the interconnectedness between the micro and macro levels in influencing CSR orientation in different cultures. These results further invite the author to consider national culture as a significant macro-factor in CSR analysis in the current research. Moreover, Jamali and Neville (2011) offer a multi-layered institutional framework to address the global convergence and divergence issues of CSR in a developing country context. Their studies were conducted in the context of multinationals, NGOs and governmental actors concerned with CSR.

In terms of corporate social performance (CSP), other exceptions to the lack of a multilevel approach in CSR research are the studies of Wood (1991) and (Swanson, 1995). Both authors adopt a multilevel approach that considers principles of CSP using three levels of analysis: individual, organizational and institutional. The “individual” in this case is defined as those actors who have discretion over a company’s socially responsible actions, such as managers or executives. At the micro-individual level, Wood’s (1991) principle of managerial discretion is grounded on the will and choice of human actors. Different principles guide and motivate managerial behaviour, for example, collective, or other self-interests (e.g. those whose interests managers act on behalf of), and principles of justice, equity and rights (e.g. guiding the management of human relationships). Wood (1991) argues that there are other external factors that could shape individual behaviour, such as cultural background, ethical training and values. She concludes that articulating the above principles at various levels of analysis contributes to revealing the real motivations behind human actions and behaviour. Building on Wood’s (1991) model, Logsdon and Wood (2004) extend the multi-level model by including employees at the micro level of analysis, their multi-layered research illuminating the moral motivations of employees to behave in a socially responsible manner.

In spite of the previous few studies discussed above, these theoretical ideas have not yet been used in empirical investigations of CSR in an SME context. On the contrary, a tendency to investigate the issue at a single level of analysis persists in the literature (Spence, 1999; Moore and Spence, 2006). For example, previous studies in the field of CSR in SMEs offer a good deal of

insight into macro effects as the institutional influence on CSR engagement (Spence and Rutherford, 2003; Fassin, 2008). Additionally, at the meso-level, valuable studies have been made which have illuminated the significant factors shaping CSR issues in SMEs. For example, Spence *et al.* (2003) identified the forms of social capital relevant to SMEs and categorized them as a formal engagement, networking within and across sectors and volunteerism (meso-level analysis). She relates these forms to the micro-individual level, or, in other words, to the motivations and personality of the SME owner-manager, implicitly highlighting the interface between these two dimensions of social capital. Similarly, at the micro-cognitive level, an increasing body of data and theory offers useful ideas about the influence of an SME owner-manager's values and beliefs to the level of CSR engagement in his company (Quinn, 1997; Vyakarnam *et al.*, 1997; Spence and Lozano, 2000; Spence and Schmidpeter, 2003; Spence *et al.*, 2003; Hemingway and Maclagan, 2004; Lepoutre and Heene, 2006; Murillo and Lozano, 2006; Vives, 2006; Hammann *et al.*, 2009).

The framework presented in the current research seeks to address a fundamental weakness of the existing research in CSR, which fails to relate individual interactions to the macro-level patterns in an explicit and elaborated way (Spence, 1999). Such narrow emphasis on a single level examination of CSR, as, for example on the individual level (i.e. the SME owner-manager's personality, beliefs, values and motivations) does not explain how the interaction between individuals (i.e. SME owner-managers) and their socio-cultural, political and economic contexts, is shaped by the structure of these relationships. Moreover, it does not answer how it can influence their CSR orientation. What seems also to be lacking in CSR research is the way in which interaction at different levels aggregates to form large-scale patterns of socially responsible practices and behaviours in SMEs (e.g. strategic, philanthropic, etc.) or socially irresponsible practices (i.e. corrupt related practices).

To date, these interests and concerns have not been translated into theoretical works. No empirical insights have been offered. Research on SMEs, especially in developing countries, still fails to examine the nature of the issues linking SME and CSR practice into broader layers of analysis (Spence, 1999; Moore and Spence, 2006; Jamali *et al.*, 2009b).

Addressing this gap, one of the theoretical contributions of the current research is to stimulate further research and debates in the CSR field from an integrated relational perspective, and to explain how the interaction between individuals and their socio-cultural contexts is influenced by the structure of these relationships, which in turn encourages or hampers socially responsible practices and behaviours in SMEs.

Since social capital is rooted in the content and structure of relationships, its benefits have been studied at a number of diverse levels, extending from individuals (Belliveau *et al.*, 1996), to enterprises, societies (Putnam, 1995), and nations (Fukuyama, 1996). In this respect, the research draws on Nahapiet and Ghoshal (1998) framework for social capital, which forms the basis for the research's multi-layered framework. These layers of analysis are reconciled with the pre-set grouping of social capital (cognitive, relational and structural) that facilitates the study of the inter-relationship between these levels. Figure 2.6 represents the conceptual framework of the current research. This approach to the research arguably helps in formulating questions that clearly address topics at every level, in order to generate holistic and in-depth understanding of the CSR phenomenon in the research context.

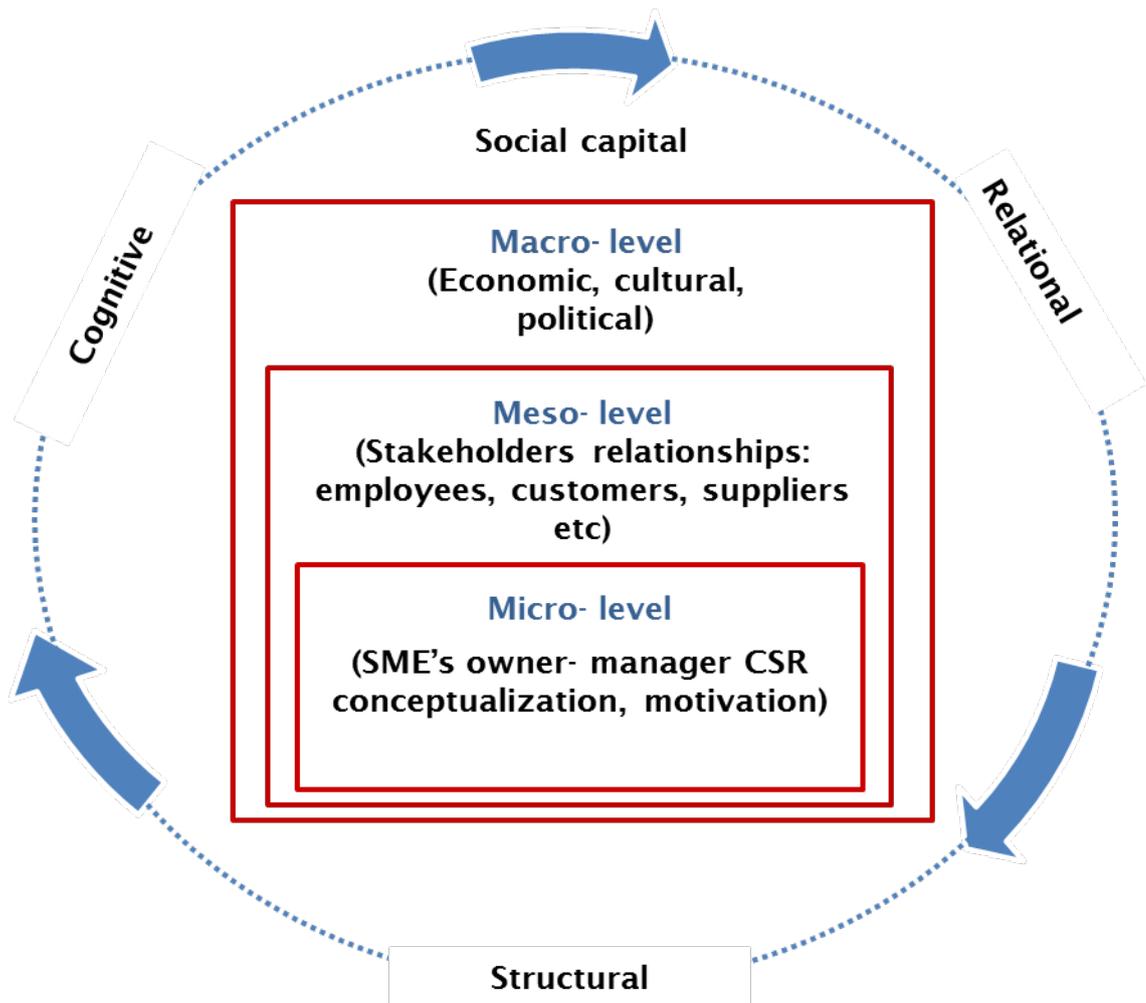


Figure 2.6 Multi-layered framework for theorizing CSR in SMEs from a social capital lens

2.6.2.1 Translating the multi-layered framework to CSR investigation

In order to understand the applicability of this framework to the CSR discourse, it is important to address two aspects: *first*, what do the terms ‘micro’, ‘meso’ and ‘macro’ mean from a social capital perspective? *Second* how can these terms be interpreted or related to CSR in an SME specific context? An outline of and discussion on how social capital is integrated in a multi-layered approach for investigating CSR in SMEs is presented in the next section, which addresses these two issues.

Table 2-2 Applying the multi-layered levels of analysis to the research

Analytical Level	Translation to the current study
Macro-contextual level Cultural, socio-economic & socio-political, legal settings	<ul style="list-style-type: none"> • Relational determinants of CSR in SMEs within the broader institutional setting (trustworthy, friendly, respecting stakeholders relations, cooperation, identification with society, reciprocal exchanges between business & society members) • Structural determinants of CSR within the broader institutional setting (e.g. formal civic networks) • SME interaction mechanisms with stakeholders within the broader structure of relationships (formal & informal mechanisms). This could include informal social business & civic networks or formal membership in associations or partnerships • Structural mechanisms through which SME relationships with stakeholders are embedded (civil society, NGOs, government, other SMEs, society at large) • Cultural determinants of CSR in society
Meso-organizational level	<ul style="list-style-type: none"> • Nature of the relationships with stakeholders • Influence of social capital dynamics of relationships on CSR activities practised • Influence of the CSR activities on the social capital accumulation with business stakeholders
Micro- individual -level (SME owner-manager)	<p><i>SME owner-managers</i></p> <ul style="list-style-type: none"> • Conceptualization & understanding of their roles & obligations in society • Shared ethical norms, social values & beliefs that facilitate the CSR actions located in the research social context • Motivations/demotivations to contribute to society

2.6.2.1.1 Macro-level analysis

Given the CSR definitions discussed at the beginning of this chapter, a key theme is that CSR is concerned with the relationship between businesses and other actors in the community in which they operate (Dobers and Halme, 2009). Therefore it is essential that the phenomenon be studied in the context of where it is being practised. Fuller and Tian (2006) raise this point, stating that the nature of socially responsible actions in individual enterprises will vary according to the macro influences facing the entrepreneurs who own and run them. Societies vary in many respects. This requires an understanding and addressing of CSR issues in different cultural contexts (Argandoña and Von Weltzien Hoivik, 2009; Halme *et al.*, 2009; Lindgreen *et al.*, 2009; Yin and Zhang, 2012). Such discrepancy mostly boils down to the national convergence

of political structures, economic system and cultural divergence perspectives on the CSR manifestation procedure across different contexts (Campbell, 2007; Matten and Moon, 2008; Visser and Tolhurst, 2010; Jamali and Sidani, 2012; Yin and Zhang, 2012). These views emphasize the significance of understanding the context when studying social actors' behaviours and actions. In doing so, actions and behaviours that might appear peculiar or irrational can make perfect sense when the contextual factors influencing such behaviours are revealed.

With respect to SMEs, the literature reviewed above indicates that their strategy is built whilst taking into consideration macro issues such as cultural factors, local values and beliefs and the expected behaviour of people living in the local surroundings (Joseph, 2000). Spence *et al.* (2003) maintain that small businesses do not operate in segregation; rather they interact with competitors, suppliers, customers, government and others. Such interaction is a powerful form of social control and governance, specifically on smaller networked enterprises (Leifer and White, 1986; Larson, 1992). Thus, SMEs can no longer be treated as a purely economic phenomenon, but as a phenomenon that is deeply affected and formed by its macro social and cultural environment (Brooks, 2005). These factors, such as political environment, legal culture, religion and norms, are influenced by the institutional setting in which SMEs are embedded (Marquis *et al.*, 2007). Accordingly, together, these factors constitute the macro-environmental context for SMEs. This research therefore answers the call to consider context and institutions in both CSR and social capital research and literature. It aims to understand how societal factors define the structure of the relations that facilitate or obscure social engagement in which SMEs operate in the Egyptian environment.

The social capital concept can serve this purpose where its application is extended to elucidate a wide range of social phenomena (Loury, 1977; 1987; Coleman, 1988). It addresses the influence on the economic and governmental performance of firms (Baker, 1990; Putnam, 1993; 1995). In this respect, the macro dimension of social capital has been highlighted by many authors. For example, Coleman (1988) emphasizes that social capital lies in the structure of relations among and between actors.

The current research aims to uncover the ways in which the pattern and structure of connections between various actors influence the development of the stocks of social capital (e.g. trust, loyalty, cooperation, etc.). It further explores how they shape the common ethical beliefs, values and expectations of society (cognitive). The ways in which these patterns bind society together and catalyse the engagement or disengagement of SMEs' socially responsible practices and behaviours in the Egyptian context are explored and analysed in this respect. For example, trust and civic norms of the formal institutional structures of the country are examined.

Previous research in developing countries highlights that institutions which confine opportunistic practices to government leaders tend to create a more credible or trustworthy environment through the policies thereby enforced. Similarly, adherence to civic norms and ethical behaviours, and development of trust can be strengthened among individuals in societies whose formal institutions enforce laws, contracts and private agreements, and punish arbitrary behaviours more effectively (Knack and Keefer, 1997). Without such a strong role of government, cooperation towards social well-being is less likely to happen (Knack and Keefer, 1997). Social polarization is therefore a main determinant of civic cooperation and trust in these countries. Accordingly, Sacconi and Degli Antoni (2009), maintain that an essential factor which stimulates cooperative and civic relations in a socially networked structure is the existing belief that others will be cooperative and reciprocate the benefits. However, Knack and Keefer (1997) note that in societies that are polarized by income, political, ethnic, or religious differences, this setting engenders the potential for an adverse relationship between individual actors and norms of civic cooperation and trust. They add that, in polarized societies², such as those of developing countries, members of society are less likely to share common backgrounds and mutual expectations of behaviour. An understanding of the macro factors, such as the socio-political and legal aspects and their influence on the dynamics of business and society relationships is therefore essential in a developing country such as Egypt.

² The authors used income inequality as a proxy for polarization.

2.6.2.1.2 Meso-organizational

Social capital revolves around the various important aspects of business ethics, such as transparency, goodwill and good citizenship (Spence *et al.*, 2003) and value creation (Tsai and Ghoshal, 1998), thus representing a strong rationale for SME engagement with CSR at the firm level (Avram and Kühne, 2008). According to Lin *et al.* (2001, p.19) , the notion of social capital is defined as an “*investment in social relations with expected returns in the marketplace*”. Such a conception encompasses a relational dimension which is an essential element for SME survival and sustainability. This is mainly because SMEs exist to create value for different stakeholders, which feeds back into the business (Hammann *et al.*, 2009). Through their social capital, SMEs are able to provide jobs, promote career moves, strengthen supplier relations and facilitate entrepreneurship (Adler and Kwon, 2002; Perrini, 2006). By thus demonstrating their citizenship, SMEs can develop stronger relationships with stakeholders than large corporations enjoy, to the extent that some authors use the term "relational embeddedness" to describe the relational dimension of social capital. . The core aspects of this “relational” embeddedness (i.e, trust, friendship, etc.) have a key role in governing the processes of implementing the CSR practices between the firm and its stakeholders (Spence and Schmidpeter, 2003; Worthington *et al.*, 2006; Sacconi and Degli Antoni, 2009).

This “embeddedness” view corresponds closely with the embedded nature of SME owner-managers’ relationships, discussed earlier in this chapter. SMEs have close relations with local communities. Therefore, they have the chance to tap into local engagement through their local CSR initiatives, where they perceive their engagement to be a direct source of accumulating social capital (Joseph, 2000). This conclusion coincides with CSR definitions. CSR implies a view of the enterprise as being embedded in society, because social and community links do not stop at the boundaries of the company; rather they link the company with the society in which it is located (Brooks, 2005). This discussion summarizes the relational aspects of the meso-level dimension in the current research.

2.6.2.1.3 Meso-structural

The discussion above implies that embeddedness entails becoming part of the social structure (Anderson *et al.*, 2010). The structural dimension of social capital therefore concerns these resources which reside in, and emanate from, social interaction within institutions and networks (e.g. trust, loyalty, cooperation, respect, friendship) (Worthington *et al.*, 2006). These assets develop to become an integral component of the structure that shapes it and influence its outcomes. They are the lubricant that enables the flow of resources and information through the network (Anderson *et al.*, 2010). In this respect, social capital is defined by many authors in terms of the networks that form the structure of relations of a single actor, or of the community at large (Coleman, 1988; Burt, 1992; Lin *et al.*, 2001; Burt, 2002). For example, Coleman (1988) describes it as the structure of relations between and among individuals that boosts fruitful actions. Similarly, Bourdieu (1986, p.249) posits that it is the network of relationships that offer their members with "*the collectively owned capital, a 'credential' which entitles them to credit, in the various senses of the word*". These views imply that the relational aspects of social capital discussed above are entrenched within networks of reciprocal recognition and acquaintance (Bourdieu, 1986).

Understanding the structure which the company is part of is therefore essential, especially in developing countries. SMEs in these contexts function in constrained structural conditions. One way to overcome some of the constraints is to tap into an extended pool existing outside the enterprise itself, in order to acquire knowledge and to build a network or reservoir of resources (Anderson and Jack, 2002). It is through these ongoing personal relationships and the assets generated from them that individuals fulfil their social motives. In the context of the SME, it can, for example, provide a favourable atmosphere that increases employee loyalty and attachment to the companies they belong to. On a broader perspective, it could provide a trustworthy environment at a national level, which increases the sense of belonging of the entrepreneur to the society of which he/she is a part, and encourages the motivation to give back to it.

Indeed, this involvement in informal or formal associations and groups has the potential to build trust and civic-minded attitudes and behaviours. Putnam (1993) suggests that networked relationships generate a pattern of constant interactions that permit self-enforcing arrangements to be reached. It allows entrepreneurs to gain access to transactions based on trust, rather than enforced by law or contract (Worthington *et al.*, 2006), which have a minimum role in governing SME relationships, particularly in developing countries (Visser *et al.*, 2005). This is further supported by the view of Sacconi and Degli Antoni (2009), who argue that the role of individual managers in deciding on CSR becomes significant in the absence of effective regulations to punish the agents who do not cooperate, as is the case in developing countries. In this respect, individuals who belong to the same network tend to trust each other, and are more likely to exhibit civic conduct.

Issues to be addressed at the meso level build an understanding on how the relationships with employees, customers, suppliers, government and trade associations work, and whether social ties and social assets such as loyalty, trust and reciprocity, play a role in motivating, shaping and enabling or constraining CSR practices in SMEs.

The previous views highlight the significance of studying the three dimensions in the current research. The cognitive aspect, in terms of shared values and behaviour, binds the members of human networks and communities, and makes possible cooperative action towards the common good. This theme of the interplay between business, social relationships and networks (micro-meso-macro interface) within which enterprises are entwined, demonstrates the linkage across the levels of analysis.

2.6.2.1.4 Micro-cognitive

Since the 1980's, research on business ethics and decision-making has demonstrated the need to articulate the value of socially responsible human actions. Recalling Wood's (1991) managerial discretion principle, mentioned in the CSR literature, she argues that managers are moral actors who are compelled to exercise discretion within every domain of corporate social responsibility. Ackerman (1975) describes CSR as "the management of

discretion." His description refers to the discretion extant in the total realm of managerial selection process and actions. This discretion is particularly notable in the SME context, where there is a clear integration between the social and the personal within the business itself. Recalling Friedman's (1970) perspective, he posits that individuals who own their business are both principal and agent, and hence have the freedom to handle the business resources at their own discretion. This results in an overlap between the SME owner-manager's personal needs and rights, and those of his business. In some cases they are perceived as the same entity (Vyakarnam *et al.*, 1997; Spence and Rutherford, 2003; Fuller and Tian, 2006; Murillo and Lozano, 2006; Hammann *et al.*, 2009). The overlap of ownership and control means that some of the tensions arising from agency conflict, which are so characteristic of public limited companies, are non-existent. In this respect, the most prominent tension field in small businesses is attributed to the conflict of interests inherent within the owner-manager.

Furthermore, since owners of SMEs are usually close to the managers, or even act as managers themselves, ownership and control usually overlap within SMEs, providing a context within which personal and business relationships can be mutually reinforcing. This can be attributed to the reason that owner-managers build upon their personal beliefs and social bonds to engage in practices which can enable the creation of the enterprise social capital (Worthington *et al.*, 2006). When boundaries are blurred between the household and the firm (Baines and Wheelock, 1998), the firm has to draw significantly upon resources existing in family/friends bonds, or bonds embedded in business networks and associations, as well as informal relationships (Worthington *et al.*, 2006). Therefore informal mechanisms shape relationships in the SME environment, and SME owner-managers' perceptions may be shaped by daily interactions and by the quest to comply with stakeholders' norms or values through this informal environment (Belak and Milfelner, 2011).

This view relates directly to the cognitive dimension of social capital that refers to the shared value systems which facilitate the actions of individuals located in a particular social context (Nahapiet and Ghoshal, 1998; Tsai and Ghoshal,

1998). The shared cognitions build the necessary foundations for the exchange and combination of knowledge, and facilitate future cooperation and information flow (Nahapiet and Ghoshal, 1998). For example, a trusting relationship may not flourish unless a common understanding is established first. This implies that the common understandings that exist in SME network environments shape their behaviour (Liao and Welsch, 2005). In other words, how both the business manager and stakeholders think of, conceptualise and perceive a socially responsible business, shapes the way in which a company conducts its business and interacts with its stakeholders (e.g. in an ethical or unethical way). Supporting this view, Argandoña and Von Weltzien Hoivik (2009, p.225), maintain that “*CSR is a result of a dialogue between the firm about the obligations of the first and the expectations of the second*”.

These views can be applied to the context of developing countries, where informal mechanisms play an important role in the socialization process. The daily interactions between individuals, be they managers or employees, customers, co-workers, or other SMEs, play a significant part as a source of reference for the perception of their role in society, and the way they conduct their social matters (Cassell *et al.*, 2006). If bribery, for example, is the norm, this means that legal and ethical violation is the common language (**micro**) between actors. It also means that the reciprocal exchanges of benefits in a business network (**meso-relational**) are based on these violations and unethical patterns of engagement. These in turn will induce a **macro** pattern of social engagement that is characterized by corruption, social polarization and class discrimination. This highlights the importance of examining the three levels of analysis pertaining to CSR.

As a result, a theme echoing throughout the literature is that the values, beliefs and characteristics of the SME owner-manager are the main drivers of SME engagement in the CSR agenda, and constitute a fundamental factor in developing the social and environmental sustainability strategies in SMEs (Trevino, 1986; Quinn, 1997; Vyakarnam *et al.*, 1997; Spence and Rutherford, 2003; Spence *et al.*, 2003; Murillo and Lozano, 2006; Hammann *et al.*, 2009) This role has been described as a “network architect”, a “weaver” and “broker” of stakeholder relationships and a facilitator of social capital, as the owner-

manager has both the power and influence to shape the structure of social relations (Maak, 2007). However, little research has been conducted on taking the perspective of the SME owner-manager into the CSR debate (Murillo and Lozano, 2006). Such understanding enables managers to integrate these activities in their small businesses. To reach this goal, there is a need to first understand the motivations, determinants and obstacles of ethical practices in SMEs from the owner-manager's perspective.

The former discussion on the interaction of the personal and the social with the business in owner-managed firms suggests that the micro-level, being bound to the owner-manager of the business, has significant implications for CSR adoption in SMEs. The micro-cognitive dimension of CSR will be explored to analyse SME owner-managers' perceptions and understanding, in order to grasp the drivers behind their actions. Issues addressed at this level encompass what is perceived to be socially and ethically relevant to SMEs. The motivations, values and beliefs of the SME owner-manager that he shares with his community will shape his CSR understanding and practices, i.e. the degree of responsibility and connectedness that is perceived in relation to the environment, society, economy and the local community, and the ways such perception is manifested and reciprocated.

2.7 Conclusion

The discussion in this chapter has highlighted the nature of the CSR concept as a broad, dynamic and multidimensional phenomenon. The chapter sketched a broad overview of the literature addressing CSR in SMEs, as well as giving a flavour of CSR in developing countries and the reasons that are attributed to the peculiarity of the concept in these contexts.

The chapter offered a relational perspective on the issues that SME owner-managers might face from a social capital perspective. As a result, it is contested in this research that CSR warrants a multi-layered lens to explore its dynamics. A theoretical framework has been developed, with the goal of providing a theoretical clarification of what the researcher intends to address and seeks to achieve, thereby defining the research territory.

Chapter 3: Research Methodology

3.1 Introduction

This chapter explains the research methodology underpinning the current study, with paradigmatic assumptions leading to the research approach, design and associated methods of data collection and analysis. As such, Easterby-Smith (2012) states that the methodology addresses the questions of “how can a researcher generate knowledge about a social world and what are the methods that can be used to create such knowledge?”

In addition, the philosophical assumptions are inextricably linked to the methodological engagement. Accordingly, the methodology discussed in this chapter involves both the philosophical underpinning and the methods which have been chosen to carry out the research, as depicted in Figure 3.1.

The rest of this chapter is structured in the following way. Firstly, the philosophical stance underpinning the study and how it fits with the research objectives is outlined. Next, an explanation and evaluation of the data collection methods used to carry out the research is presented and the process of data analysis described. The final section of the chapter deals with the quality issues concerning the research. Figure 3.1 is a graphic representation of the methodology underpinning this research.

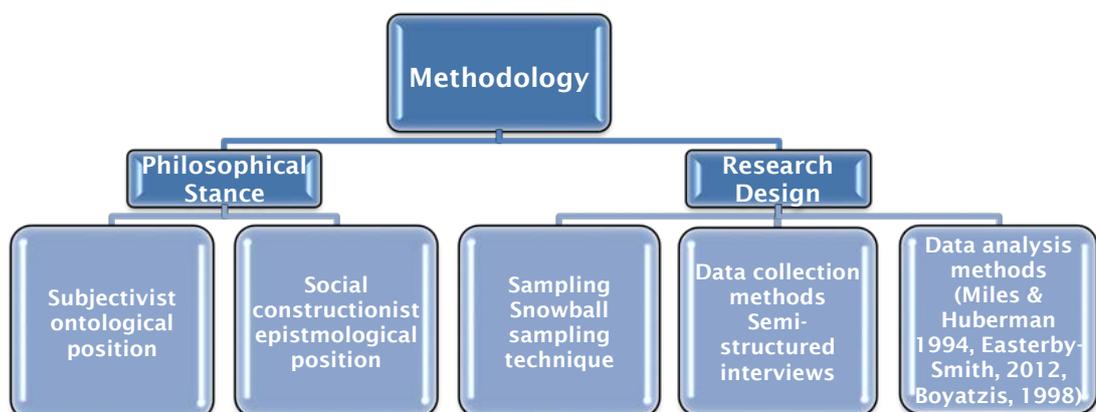


Figure 3.1 Overview of the current research methodology

3.2 Research philosophy and paradigm

The complex relationships embedded in the multiple concepts within qualitative data can be described as a “paradigm” (Corbin and Strauss, 2008). A paradigm enables researchers to identify contextual factors and then link these with the process (Corbin and Strauss, 2008). For this reason, research philosophy is sometimes referred to as “paradigm” (Silverman, 2013).

The paradigm addresses the way in which research should be conducted, and the basic belief that defines the nature of the researcher’s world, hence offering a distinctive means of understanding the objects being examined during the researcher’s engagement with the world (Johnson and Duberley, 2000). This, in turn, defines the range of possible relationships in that particular world, and consequently influences the whole research process (Guba and Lincoln, 1994; Collis and Hussey, 2003) as illustrated in Figure 3.2.

Hence, a paradigm is viewed by many scholars as a perspective; a set of questions that can be applied to data to help the analyst to identify relationships between context and process (Johnson and Duberley, 2000; Corbin and Strauss, 2008; Easterby-Smith, 2012). For example, Willis *et al.* (2007, p.8), describe the paradigm as the “*comprehensive belief system, world view, or framework that guides research and practice in the field*”. Researchers can choose between a diverse mix of sociological paradigms which represent the major belief systems of social scientists and academics (Burrell and Morgan, 1979).

This discussion indicates that every methodology rests on the nature of knowledge (Corbin and Strauss, 2008). The nature of the world is shaped by the researcher’s frame of reference, or the set of beliefs and assumptions he/she holds about the nature of the social world and the way it can be investigated. These basic beliefs which define the paradigm can be better understood by addressing three fundamental, interconnected questions: the ***ontological***, ***epistemological*** and ***axiological*** questions. The answer to one question is constrained by the way the other two may be answered, and thus

guide the researcher in choosing the methods that generate the knowledge to be obtained (Guba and Lincoln, 1994), as depicted in Figure 3.2.

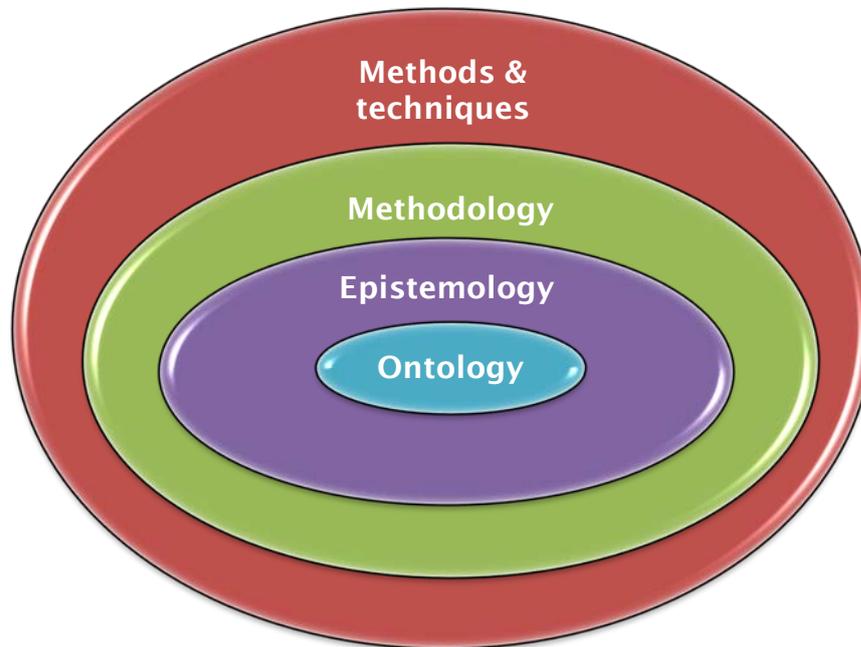


Figure 3.2 Research philosophy adapted from Easterby-Smith (2012)

In general, research methodologies can be classified into two main paradigms that yield contrasting approaches: positivism versus constructionist (Guba and Lincoln, 1994). Each of these paradigms deals with a different nature of social reality, and therefore involves different ontological, epistemological and axiological assumptions. The following section will discuss, differentiate and contribute to the debates of these contrasting assumptions in order to plausibly construct and justify the paradigm that will be chosen in this research, which is the *“social constructionist paradigm”*.

To begin with, we have to remind ourselves that the choice of the research paradigm depends on the type of knowledge to be obtained (Chell and Pittaway, 1998). This research seeks to gain a holistic understanding of the way in which the CSR phenomenon in the SME sector is conceptualized and operationalized in the Egyptian context, and the contextual factors influencing such conceptualization.

3.2.1 Ontology

First to be addressed is the ontological factor, which raises questions concerning a) the form and nature of reality, and b) the researcher's assumptions on the way in which the world operates. Duberley *et al.* (2012, p.17) describe it as "*the essence of the phenomenon and the nature of its existence*". It concerns the basic assumption that the researcher frames about the nature of reality (Easterby-Smith *et al.*, 2012). It revolves around discovering whether the phenomenon that is being dealt with really exists independently of our knowledge and perception, or exists as a result of it (Symon and Cassell, 2012). This has led to two main schools of thought concerning social reality, which are the **realist** and the **social constructionist** (sometimes called the **objectivist** and the **subjectivist**).

The "**objectivism**" view holds that the world and social entities exist in a reality that is external to the social actors and independent from the cognitive structure. "**Subjectivism**", on the other hand, portrays the position that the social phenomenon or reality is a creation of the social actor's perspective, being mainly concerned with the phenomenon's existence and the social actor's actions (Collis and Hussey, 2003; Lewis *et al.*, 2007). They challenge the views of the positivist, who believes that the world is static and has a reality of its own. In contrast, the process through which it is produced is emerging in nature according to the subjectivist views. Therefore reality to them is multiple and is socially constructed. People make sense of situations and develop their realities through social interactions and reflecting on their own experiences (Martin and Sugarman, 1996).

This research considers simultaneously the influence of both actors' actions and the structures in which they are embedded. Knowledge about CSR is contested and socially constructed (see Section 2.2, Chapter 2). The conceptualizations and perceptions of each participant towards the role of business in society are complex, vague and cannot be viewed as a separate reality. Therefore, the reality in this research is subjective. This position will be justified in detail in subsequent sections.

This discussion leads to the philosophical matters that revolve around the epistemological assumptions, as discussed below.

3.2.2 Epistemology

As the ontological question involves the philosophy of reality, the epistemological question concerns how we come to know that reality: the study of knowledge, the nature of the relationship between the researcher and the knowledge to be obtained, and, most critical, what is considered to be the evidence for that knowledge (Guba and Lincoln, 1994). Epistemology therefore reflects the researcher's assumptions about the appropriate ways of inquiring into the nature of the world (Easterby-Smith *et al.*, 2012).

The major principles reflected in such philosophy are "positivism", and "social constructionism", or what Habermas (1970), along with numerous other authors, refer to as the interpretative approach. These are the major paradigms that can be regarded as two extremes of a continuum of assumptions (Collis and Hussey, 2003).

3.2.2.1 Main paradigms in social science

The "**positivism**" approach to research views the phenomenon as valid knowledge when it can be measured and observed (Collis and Hussey, 2003). Thus, it is argued that researchers adopting this approach should maintain the philosophical stance of the natural scientist, i.e. an independent and objective stance (Lewis *et al.*, 2007). Objects, according to them, have a definite meaning that is independent from the researcher's consciousness and awareness (Crotty, 1998). They view knowledge as either true or false. Evidence of knowledge according to positivists is thus precise, definite, is always established through scientific inquiry and is represented in figures and numbers. Data or information already exists and the duty of the inquirer is to gather and systemize it. This is mainly attributed to the fact that they do not allow their values and views to distort their objective stance (Collis and Hussey, 2003). The positivistic paradigm is often associated with quantitative research, because researchers communicate their knowledge through a rigid and tangible form.

Although this view is valuable in some disciplines and topics of study, Crotty (1988) states that the social world is complex and cannot be regarded and treated as a highly systematic one, as the positivists view it. He further adds that the everyday world we experience differs completely from the world that the positivists view and address.

The above positivist view contrasts sharply with the “constructionist” view that Crotty (1988) and others support (Berger and Luckmann, 1966; Watzlawick, 1984; Gergen, 1985; Shotter, 1993; Burr, 1995). The constructionist view demonstrates the importance of discovering the subjective meanings, which encourage the social actors to carry out certain actions in order to explain and comprehend them.

Social constructionism has its roots in phenomenology (Alvesson and Sköldbberg, 2009). The popularity of the social constructionism paradigm originates from addressing what the positivist fails to achieve within social science inquiries. It stems from its ability to show how various phenomena appear to be natural, or independent and detached from individuals, in essence, not natural, but socially constructed (Alvesson and Sköldbberg, 2009).

3.2.2.2 Social construction: Disciplinary debates and Research position

Social constructionists explore how social behaviours occur, assuming that knowledge is confined to the construction of individuals (Alvesson and Sköldbberg, 2009; Crotty, 1988).

Regardless of the value of social constructionism in social science studies, it has not escaped criticism. Since this research honours the subjective nature of reality in social science studies, it recognises that within the social constructionist community there are different positions, arguments and counter-arguments (Hellstroem *et al.*, 2003), to the extent that the terms “construction” and “social” portray different meanings and definitions (Alvesson and Sköldbberg, 2009; Cassell *et al.*, 2006).

Some authors criticise the precise meaning of the term and claim that it was not well defined by the early constructionists, such as Berger and Luckman (1966). Alvesson and Sköldberg (2009) maintain that the terminology itself contradicts the main premises of this paradigm, which views the process of construction as unplanned. The logic behind this criticism is that it regards construction as a metaphor for pre-planned actions and activities that would presumably lead to the construction of social building. However, Berger and Luckman (1966) take a broader perspective than this, and suggest that it is created as result of arbitrary and planned human manipulation and fabrication. They argue that individuals are the core of reality, where everything begins and ends (Alvesson and Sköldberg, 2009).

On the other hand, further research would suggest that individuals are the beginning rather than the end. Fuchs, in his study on individuality (2001), proposes that a social phenomenon can be “network” constructed. In this and various other cases, it is argued that individuals do not have the primacy, and are not the centre in which everything begins and ends (Alvesson and Sköldberg, 2009).

The researcher’s position within these debates should be clarified. In the current study, the researcher accepts, follows and views social construction through the basic axiom of Berger and Luckman (1966), who maintain that **society**, its **structures** and its **institutions** are built out of individual meanings, perceptions and cognitions. Several researchers acknowledge the significance of the underlying structures and networks in constructing the reality. They acknowledge that the structure of the world is created in cognitions through interaction with the world (Jonassen, 1991; Phillips, 1995; Vrasidas, 2000). In line with this logic, the current research questions derive from a micro-individual level which states: *“how SME owner-managers perceive and conceptualize their role in society”*. In line with the same logic, the research questions at the macro level focus on exploring the macro-contextual and structural influences which lead to such conceptualization being bound to an individual level (the perspectives and experiences of SME owner-managers).

By doing so, the research questions treat the context as secondary to the individual, rather than a detached reality, independent from individual cognitions and meanings they assign to it, as, for example, the critical realists assume. Therefore CSR is viewed in this research as a situated phenomenon. Following this rationale, social constructionism is considered by the researcher as a paradigm which has the ability to understand the phenomenon in a holistic manner, and thus fits perfectly with the nature of the social phenomenon under investigation. This position contrasts with those who view it as a paradigm that is limited to studying how the phenomenon is constructed by reducing it to the individual level of analysis. This occurs without considering the underlying structures and macro factors leading to the construction, as criticised in the literature (Bourdieu, 1977; Hacking, 1999; Alvesson and Sköldbberg, 2009). In this respect, the research is attempting to understand not only “how” reality is constructed, but also “why” it is constructed in a particular way, how these constructions are operationalized at the meso-organizational level and how they form general patterns of social reality. Therefore, knowledge of the social world is believed in this research to be produced through individual cognition, but not reduced to it. In between the two extremities (which start and end with individuals), knowledge is produced and sustained through the social processes that individuals undergo, and is influenced by the socio-cultural context in which they operate (Berger and Luckmann, 1966; Schutz *et al.*, 1967; Watzlawick, 1984; Gergen, 1985; Shotter, 1993; Burr, 1995). Therefore, posing such types of questions as “how” and “why”, has the potential to address the criticism towards social constructionism which states that by sticking to the “how” questions, (i.e. how reality is constructed), social constructionists tend to “*stop when the fun begins*” (Alvesson and Sköldbberg, 2009, p. 37). This research will provide interesting insights into how and why reality is constructed in this way, and the results and outcome of these constructions will complete the picture of social reality.

3.2.3 Axiology

Finally, “axiological” assumptions are concerned with judgements about value in the context of the research. Positivists believe that researchers are detached from the matter studied, and are only concerned with the interrelationships of

the studied phenomenon and the process of their research. In this sense, they believe that science is value-free. Constructionists, on the other hand, believe that their research has considerable value, or is value-laden, and the researchers interact with the case being studied (Easterby-Smith *et al.*, 2012).

The aim of this research is to explain the phenomenon under investigation, which is the role of SMEs in developing the well-being of Egyptian society through the SME owner-managers lens, these being the social actors who experience and shape the phenomenon. Consequently, their perceptions, conceptualization and consequent actions are central in creating the phenomenon (Saunders *et al.*, 2007). In this sense, this research will give strong emphasis to the personal interaction with individual participants who construct and shape the phenomenon. Hence the researcher in this study is part of the research process, and is incorporated into what will be observed, in order to understand and interpret the social pattern of the role of SME owner-managers in society (Burr, 1995; Denzin and Lincoln, 2003). Based on this view, the axiology in this research is value-laden.

That view fits perfectly with the axiological position of the constructionist, who believes that researchers cannot be separated from the sense-making process (Easterby-Smith *et al.*, 2012).

3.2.4 Methodology

Finally, this raises the “methodological” question, “how we can generate knowledge?” or “what methods can we follow to engender knowledge of the social world or human behaviour?” (Easterby-Smith *et al.*, 2012). The overall strategy chosen and the combination of techniques devised to study the social phenomenon under investigation are constrained by responses to previous assumptions or questions. This is methodology (Easterby-Smith *et al.*, 2002). Denzin and Lincoln (2003) describe methodology as the way in which the research can be undertaken to fit with the ontological, epistemological and axiological stance of the inquirer.

The choice of the methodology depends on the type of knowledge to be gained. Burrell and Morgan (1979) state that in order to understand the social world, the researcher has to draw near to the subject under investigation. Thus the method chosen should allow the subject being investigated to reveal its nature during the investigation process. This is in contrast to the positivist approach, which places considerable stress on the process of testing hypothesis, and is epitomised in the methods used by natural scientists. Analysis of data is usually performed using quantitative techniques. Therefore surveys and questionnaires are common tools in positivistic methodology (Burrell and Morgan, 1979). Table 3.1 summarizes and contrasts the different responses to the four questions between the positivist and constructionist approaches.

Table 3-1 Distinction between the main paradigmatic assumptions in social science

	Positivism	Constructionist
Epistemological questions		
How to know what is reality? How do we know what we know?	<ul style="list-style-type: none"> Concerned with hypotheses testing 	<ul style="list-style-type: none"> Concerned with understanding how reality is constructed & created
What counts as knowledge? What is the nature of knowledge?	<ul style="list-style-type: none"> Knowledge is abstract, absolute & objective (Gergen, 1978, 2004) Knowledge can only be obtained through objective observations of the world Knowledge can only be communicated in a hard, concrete intangible form 	<ul style="list-style-type: none"> Knowledge is situated & tied to human practice (Gergen, 1978, 2004) There is no absolute truth, there is only local truth (Gergen, 1982) Knowledge is socially constructed by individuals as they act & interact with each other Knowledge can only be communicated through intangible & soft forms
What is the relationship between the knower & what is known?	<ul style="list-style-type: none"> Independent, detached from the researcher or from the individuals relating to it 	<ul style="list-style-type: none"> Knowledge about the phenomenon is dependent on the social actors' interactions with the case to be studied

	Positivism	Constructionist
Ontological questions		
What is the essence of the phenomena to be investigated & what is the nature of its existence?	<ul style="list-style-type: none"> • Reality is objective, concrete & singular 	<ul style="list-style-type: none"> • Reality is multiple
Axiological questions		
What is the role that human values play in research? (Hart, 1971; Hindle, 2004)	<ul style="list-style-type: none"> • Research is value-free • Researcher is impartial & a neutral observer when studying a social phenomenon 	<ul style="list-style-type: none"> • Research is value-laden • Researcher is a social actor interacting with the phenomenon
Methodological questions		
<p>“How can the inquirer go about finding out whatever he or she believes can be known?” (Lincoln & Guba, p.32)</p> <p>How can the research be undertaken to fit with the ontological, epistemological & axiological stance of the inquirer?</p> <p>What are the methods to be used?</p>	<ul style="list-style-type: none"> • Follow the method of natural scientists • Researchers act as observers. Use surveys, questionnaires & experiments 	<ul style="list-style-type: none"> • Follow the methods of social scientists • Researches act as social actors jointly constructing the phenomenon with the participants. Use of interviews, observations

3.2.5 Philosophical underpinning of the current research

The philosophical position of the current research rests on three main assumptions. To summarize, the ontological position is subjectivist. The epistemological position is social constructionist, and the axiological position stands on the belief that research is value-laden, where the researcher cannot be detached from the matter studied.

This position is confined to the nature of the subject being studied in this research, in line with the research objectives and questions re-stated below in Table 3.2.

Table 3-2 Linking social constructionist paradigm to research objectives

Research Objective	Research Questions	Social constructionist application to the research
<p>RO1:To understand how SME owner-managers conceptualize, perceive & understand their role in society</p>	<p>RQ1: How do SME owners-managers conceptualize & perceive their role towards society?</p> <p>RQ2: What motivates or discourages SME owner-managers from engaging in CSR activities?</p>	<p>How is reality constructed & created by SME owners-managers at the micro-individual level?</p>
<p>RO2: To investigate CSR practices & activities in SMEs, & the role played by stakeholder relationships in shaping these activities</p>	<p>RQ3. How is SME owner-managers' conceptualization of their role in society operationalized & translated into social practices with the business stakeholders?</p> <p>RQ5: How does the nature of relationships between SMEs & their stakeholders influence their CSR engagement?</p>	<p>How do these constructions function at the meso-organizational level?</p>
<p>RO3: To explore the role that macro-environmental factors can play in enabling or constraining SME engagement in CSR practices</p>	<p>RQ4. What are the macro-contextual dynamics that influence SME conceptualization & motivation of CSR in the Egyptian context?</p> <p>RQ5: How can the macro-contextual dynamics, influence SME operationalization of CSR?</p> <p>RQ6: How can the macro-contextual conditions influence social capital stocks that facilitate or deter social contributions</p>	<p>Why is reality constructed this way, considering the underlying macro-contextual factors, structures & mechanisms' influence on such constructions? i.e. why do SME owner- managers conceptualize their role in society the way they do?</p>
<p>RO.4 To understand the impact of CSR conceptualization on the welfare of society</p>	<p>RQ7. What is the impact of the Egyptian SME CSR conceptualization & operation on society?</p>	<p>What is impact of these constructions on business & society relationships?</p>

3.2.6 Nature of knowledge in CSR: disciplinary justification

With regards to the phenomenon under investigation, it fits with the ontological, epistemological and axiological assumptions underlying the social constructionist paradigm for the following reasons:

Firstly, CSR is a dynamic phenomenon. Social constructionism has the ability to examine the change process and adjust to new ideas and issues as they develop (Easterby-Smith *et al.*, 2012). With regards to CSR, it is viewed as an ongoing process rather than a set of outcomes (Jones, 1980; Carroll, 1999). This is primarily because the environment is in an ever-changing mode, and CSR must manage these dynamics by continuing to monitor and adapt to any social change (L'Etang, 2006; Argandoña and Von Weltzien Hoivik, 2009). The term CSR itself has been coined through the social interactions between social actors who, throughout the decades, have continuously defined and refined the concept to reflect the evolving changes in social expectations and relationships between business and society. This is manifested in two main spheres:

Firstly, in the emergence of different terms and definitions that reflect the same rationale behind the CSR idea, e.g. social responsiveness, corporate citizenship, corporate environmentalism and stakeholders, among others (Garriga and Melé, 2004). **Secondly**, CSR has transformed dramatically over time in parallel to the ever changing needs of society. These transformations are evidenced in the shift from the narrow focus on profit maximisation, where the business role in society was augmented from being responsible for shareholder wealth to the broader recognition of shared value creation (see Fig. 2.2 in Chapter 2).

Therefore on an **ontological level**, reality as applied in the CSR phenomenon is emerging in nature and is neither more nor less true in an absolute sense (Guba and Lincoln, 1981; Guba and Lincoln, 1989) as the positivists believe. Rather, reality as such is produced by members of a given society through their social interactions, enabling them to make sense of situations through the reality which is developed (as the constructionists argue)(Martin and Sugarman, 1996). On the **ontological** level, one could argue that CSR is a phenomenon that is infused by meaning, dependent on "*mutual subjective attributions of*

meanings”, a mere collection of individual cognitive and mental processes, and one that cannot be regarded as objectively, truly, existing (Alvesson and Sköldbberg, p.39). Reality in this case is subjective; it is reliant on individuals who construct these realities through interactions with the world within the boundaries of their social and business context.

As outlined in the first research objective, this research seeks to understand cognitions, conceptions and perceptions of the SME owner-manager’s role in society, and the relationships that influence and are influenced by these perceptions. According to Crotty (1998), perceptions do not marry with positivists, and further research shows that social relations and cognitions are ontological elements, fitting perfectly within the qualitative approaches (Mason, 2002). Therefore the nature of reality sought after in this research is subjective, and dependent on multiple realities, or, more specifically, multiple viewpoints. The ontological assumption is derived from the researcher’s belief that it is her role to seek to understand the subjective reality of SME owner-managers, and to demonstrate their motives for or against their actions with regard to CSR practices in a meaningful way (Saunders et al., 2007).

On the **epistemological** level, the business world and business–society relationship is therefore a result of the social interaction between SME owner-managers and their key stakeholders: employees, suppliers and the community at large. Therefore knowledge in the case of CSR is contested (Brooks, 2005). The CSR phenomenon needs to be viewed through a philosophical assumption which views reality as socially constructed and multiple, rather than as being absolute and static and existing independently from the research.

On the **axiological** level, CSR is a phenomenon that cannot be separated from stakeholders, beneficiaries, or the managers who perceive that reality. It can only be understood by addressing the different values, perspectives and experiences of the human agents involved.

Secondly, CSR is a contextual and situated phenomenon. These social needs are context specific, and thereby CSR is context sensitive, and necessitates being understood in terms of the context in which it is embedded. As a result,

there is no consensus on a unified definition of CSR, as discussed in Chapter 2. The term means different things to different people in different settings. Research in business ethics has showed that there is no universal model of CSR, nor is there expected to be one. Although there has been an agreement on best practice and some fundamental principles encapsulated by global standards, such as the UN Global Compact and ISO 26000, among others, the practice and concept of CSR is defined by its cultural and national structure (Visser and Tolhurst, 2010). For example, in the context of developing countries, Visser (2006) revised Carroll's (1979) CSR model (presented in Chapter 2), to adapt to the contextual nature of Africa. He proposes a CSR pyramid for Africa, whereby CSR priorities have a different order of importance on the continent, namely economic, philanthropic, ethical and legal responsibilities.

The influence of the structure on the cognitions is therefore particularly evident in the Arab world, which has very distinctive characteristics and numerous differences, making it hard to highlight the Western business case and Western drivers for CSR (e.g. pressure group, consumer voice, media attention) (Pelley, 2010). This is due to the unique social structures moulded by the traditional norms and religious backgrounds that create the fabric of the Arab and Middle Eastern countries (Pelley, 2010).

Therefore, CSR can be viewed as a system that governs the cohesion and solidarity of society. Based on this discussion, social reality is treated in this research as one that is constructed in different ways across different contexts (Silverman, 2013). The researcher believe that people cannot be treated detached from their social context, and this view supports a constructionist approach in studying the CSR phenomenon. Social constructionist paradigm can be valuable in shedding light on many of the controversies surrounding CSR. It can highlight the multitude of interpretations and operationalization of the concept among different social actors and across different contexts, as discussed in Chapter 2.

This is particularly important in the context of SMEs, where the business case for CSR is based on misunderstandings, due to its vague definition that have

been acknowledged in the literature (Peel and Bridge, 1998; Déjean *et al.*, 2004; Garriga and Melé, 2004). This makes it complicated for SME managers to understand the discipline (Fassin, 2008). They may place different interpretations on the concept of CSR, and perceive different situations in a variety of ways, depending on the lens through which they view the world. These interpretations will, in turn, affect their actions and the nature of their social interactions with other stakeholders.

Thirdly, CSR is a complex phenomenon. It is a notion that is hard to identify and define specifically in SMEs. It may be regarded as a metalanguage, i.e. when it is linked to its social or environmental actions, it is confused with specific actions and practices carried out in the business (Murillo and Lozano, 2006).

The qualitative approach, grounded in social constructionism, spells out themes and allows the emergence of new ideas and insights that uncover the complexity and depth of the phenomenon (Curry *et al.*, 2009). This is particularly essential when studying a complex, contextual and dynamic phenomenon like CSR, which requires a constructionist approach to understand its multidimensional “wholes” (Patton, 1990).

Therefore on an epistemological level, the positivist’s narrow focus on studying a phenomenon by slicing it into controlled subset variables in order to test certain relationships among these variables, contrasts sharply with the aim, objectives and nature of knowledge sought in this research. Quantitative research can be described as a “quick fix”, rather than a broad understanding of the phenomenon, because it requires no contact with individuals in the field (Silverman, 2013). This is not to undermine the value of quantitative approaches in the study of certain issues, but it suggests that there are areas of social reality that cannot be measured by statistical approaches or determined by numbers (Silverman, 2013), and CSR is one of them. In the context of a naturally occurring phenomenon, these variables are arbitrarily defined. Ignoring the complexity of the phenomenon, as the positivists tend to do, does not allow researchers to effectively and reliably understand the social phenomenon (Crotty, 1988; Silverman 2013).

Use of a multi-layered framework serves the paradigmatic assumptions in this research. It aims to gain a holistic understanding of how the CSR phenomenon is constructed and operationalized in SMEs in the Egyptian context.

Finally, CSR in SMEs, especially in developing countries, is an overlooked and under-investigated area of research, as discussed in the literature review (Chapter 2). Qualitative research is aimed at generating knowledge, unlike quantitative research, which is aimed at testing hypothesis (Collis and Hussey, 2003). According to Gibbert *et al.* (2008), qualitative research is the best approach to study a social phenomenon that is in its early phases of investigation. This view resonates with the main premise of the constructionist view. It stresses that human interpretation is the key to the development of knowledge within the social world (Prasad, 2005).

3.3 Research approach and design

Research design is “the plan and the procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis” (Creswell, 2009, p.3). These procedures entail several decisions, informed by the world view assumptions of the researcher, explained above. It also entails the methods of data collection, analysis and interpretations that translate the approach into practice (Creswell, 2009).

3.3.1 Research design; qualitative exploratory

The above discussion guided the researcher in determining the methodology, based on the type of knowledge to be sought. Silverman (2011) states that research can be defined broadly as either qualitative or quantitative, or, more narrowly, grounded theory, case study, action research, etc. In keeping with the methodological position of the research, the overall strategy is defined broadly as qualitative and exploratory research (Patton, 2002).

Qualitative research is "*any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification*" (Corbin and Strauss, 2008, p.17). It involves an interpretive, naturalistic approach that

turns the world into a series of representations, including interviews, filed notes, conversations, recordings, and memos that make the world more visible (Denzin and Lincoln, 2005). Accordingly the qualitative analysis entails going through a process of investigating and interpreting the data in an attempt to develop empirical knowledge by advancing our understanding of social phenomena (Strauss and Corbin, 2008).

This approach resonates with the objectives of the research and the world view of the researcher. As discussed above, when human relations and interactions play a significant role in shaping the phenomenon, as in the case of CSR, qualitative research is the most appropriate design. Therefore a qualitative approach is followed in this research as a tool for understanding and exploring the meaning that SME owner- managers ascribe to their role in Egyptian society (Creswell, 2009).

SMEs are inclined to be homogenised by quantitative research (Robertson, 1993; Spence, 1999; Moore and Spence, 2006). The limitation of the quantitative approach is that it fails to capture the intricacies that shape the way in which social elements define the working rationalities within and between this group of companies. A qualitative approach, on the other hand, is more likely to reveal the logic behind the diverse lucidities that shape the CSR concept in an SME context (Holliday, 1995; Spence and Painter-Morland, 2010).

Moreover, methodologically speaking, the heterogeneity characterizing SMEs leads to their sensitivity to contextual factors (Spence L.J., 2007; Spence and Painter-Morland, 2010), which is a matter of concern in the current research, as explained in Chapter 2. Dealing with such contextual sensitivity requires the employment of research methods sensitive to individual situations and conditions (Spence, 2007). Creswell (2009) maintains that those who honour research that focuses on individual meaning, and realise the significance of rendering the complexity of the social phenomenon to be tackled, together with the complexity of human behaviour, are typically in favour of a qualitative research design.

Furthermore, scholars in the field of business ethics are calling for exploratory qualitative research to be conducted. This would build on qualitative empirical evidence, based on grounded views of CSR matters from an SME perspective (Holliday, 1995; Spence and Rutherford, 2001; Spence and Rutherford, 2003; Moore and Spence, 2006; Spence and Painter-Morland, 2010). In response to these calls, and in the researcher's quest to connect with participants at a human level and to view the world from their own perspectives, she chose the qualitative approach for her current study. She enjoys the mental challenge of working with data, and is extremely interested in rationalising complex relationships and the dynamic process of analysing these relationships (Corbin and Strauss, 2008).

Finally, exploratory studies in an under-developed area of research, like SME CSR in the literature of developing countries, is highly appreciated, due to its ability to identify suitable tools for understanding CSR in SMEs (Spence, 1999; Belak and Milfelner, 2011). The use of qualitative tools in the early stages of inquiry is highly recommended, because it can identify patterns among the different variables, and deal with unforeseen events (Gibbert *et al.*, 2008). Thorough literature reviews show that there has not been any research conducted into CSR among SMEs in the Egyptian context. Accordingly, the current research involves a qualitative strategy of investigation, based on semi-structured face-to-face interviews, as will be described in Section 3.2.3. Before moving on to the details of data collection methods, sample and sampling techniques will be discussed.

3.3.2 Sample and sampling parameters

Sampling is of paramount importance, as the choice of the sample influences the results of the research (Saunders *et al.*, 2007). This research selectively focused on SMEs, proposing that the aggregate scale of these companies has an effect on the citizenship activities in developing countries, because of their tremendous economic importance, as discussed in Chapter 2.

Overall, the sampling parameters in this research followed Miles and Huberman (1994) sampling parameters, as outlined in Table 3.3 below.

Table 3-3 Current research sampling parameters adapted from Miles and Huberman (1994)

Sampling Parameters	Samples
Setting	Offices of local SMEs in diverse business sectors & offices of developmental organizations
Actors	SME owner-managers or managers of local small & medium-sized enterprises & managers of developmental organizations
Events	Initiation of CSR practices in the enterprise, collaboration with other entities in CSR initiatives, participation in global CSR networks
Processes	Rationalizing & conceptualizing the role of business in society. Factors influencing this rationalization & motivations

This research uses a “**non-probability sampling**” technique. This technique is largely driven by the social constructionist epistemological research which supports the stance of the current research. In this technique, the choice of the sample is based on the researcher’s judgement on which potential participants have the characteristics that might enable them to gain insights into the issues to be addressed by the research and to answer the research questions (Patton, 2002; Saunders, 2012).

As a result, “**purposive**” sampling, which is the most prevalent technique used by qualitative researchers (Miles and Huberman, 1994), was followed in this research. The choice was for a small number of informative participants who would be likely to generate insightful information that would meet the needs of the research (Neuman, 2005).

An obvious conclusion that one can draw from the review of the SME literature in Chapter 2 is that there are grounds for arguing that a more relevant methodological approach is to focus on the owner-managers, when studying the CSR phenomenon in an SME context (Dawson *et al.*, 2002; Moore and Spence, 2006). In the frame of this logic, the study of owner-managers’

perspectives towards their role in society seemed to be a good place to start the current research.

3.3.2.1 Criteria and steps for selecting the research sample

3.3.2.1.1 Step 1: Egyptian Law for SMEs

Since a rigorous methodology should start with a clear and unique definition of micro, small, medium-sized, and large firms (Spence, 1999), the first criteria for choosing the sample was based on the official definition of the “Small Business Enterprises Development Law” (Law Number 141 for the year 2009). Accordingly, SMEs may be defined as organizations and firms with less than € 60,000 in capital, and a workforce of fewer than 100 employees. Whereas a small enterprise is defined as any organization with €6000- €12,000 in capital and less than 50 employees, those with more than €12,000-€60,000 and 50-100 employees are considered medium-sized. Thus, the population of the study includes any company that falls within this category.

The techniques of choosing the sample within this population are depicted in Figure 3.3 and will be discussed in the following sections.

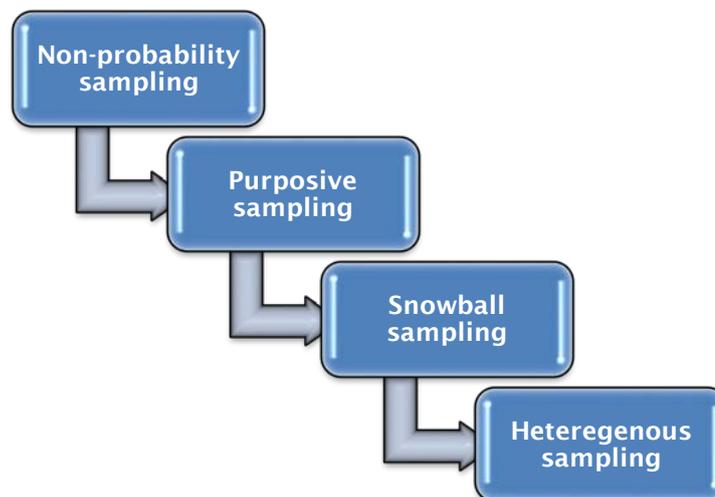


Figure 3.3 Research sampling steps

3.3.2.1.2 Step 2: Snowball of SMEs actively involved in CSR

The research is aimed at gathering insights into the CSR phenomenon in an SME context. To meet the research aim, the first step entailed an identification of potential owner-managers with an interest in CSR who could take part in the

study. However, in the Egyptian context, as is the case with most developing countries, CSR practices in SMEs are highly informal. It depends on the day-to-day situation. Few SMEs communicate and report their social practices and initiatives, or follow formal CSR or sustainability standards. This makes them hard to identify. For example, the only formal initiative with an accessible database is the global compact that has been launched in Egypt by the UNDP. Therefore, as a starting point, some of the companies were identified through their involvement in the United Nations Global Compact.

Another reason for the lack of SME communication of their CSR activities is the philanthropic nature characterizing these types of activities. Recalling Carroll's (1979) definition of CSR, philanthropy is one of the pillars of CSR, and that is dominant in the Egyptian context. Most SME entrepreneurs are involved in charitable and cultural activities. The local aspect of these activities has hardly any local significance that attracts publicity and visibility, as is the case of SMEs in general (Fassin, 2008). Thus it is hard to recognize and identify those SMEs that engage in these local efforts via any public database.

Nevertheless, according to their cultural and religious beliefs (not to brag about their good deeds), the entrepreneurs prefer to use their own private means to support local philanthropic actions, the result being the discrete nature of these activities.

The above reasons contribute to the difficulty in identifying SMEs engaged in social initiatives. Hence, a snowball sampling technique was deemed appropriate to identify the SMEs that are aware of, and practising CSR activities.

3.3.2.1.3 Step 3: Heterogeneous sampling technique

Having initially a snowball sample meant that those participants would share similar characteristics, values and beliefs (Patton, 2002). Alarmed by the fact that this similarity would lead to a homogenous sample (Saunders, 2012), and hence, the danger of drawing biased conclusions, a different sampling technique was needed. This is highly relevant in the current research, where

the CSR phenomenon addressed is largely determined by the SME owner-managers' characteristics, beliefs and values (Quinn, 1997; Spence, 2010). This is coupled with the fact that a proportion of the sample represents a group of enterprises who agreed to be interviewed on the subject of CSR, and, as such, may represent a more enlightened group than the Egyptian SME sector in general (see Appendix 1 for details of the sample).

The second round of interviews included mainly NGOs, in addition to local SMEs. This grouping strategy informed and enabled analysis of the data by drawing comparisons between the views of those two groups. Subsequent analysis of these diverse perspectives revealed interesting key patterns that mostly matched, confirmed, and added further explanations and elaborations to the views of the first group of participants (mostly SMEs). This approach arguably added value and rigour to the findings of the research. Miles and Huberman (1984, p. 34) call this a "*peripheral sampling*". They highlight the significance of working outside the periphery, by talking to people who are not central to the phenomenon but are "*neighbours*" to it. This approach, they argue has the potential to give contrasting and comparative information, which can help the researcher to understand the issues of the research.

3.3.3 Data collection methods

The philosophical assumptions define the degree of involvement with the research. As discussed above, qualitative researchers acknowledge the socially constructed nature of reality. They stress the value-laden nature of the inquiry that recognizes the intimate relation between the researcher and the inquiry (Denzin and Lincoln, 2005). Guba and Lincoln (1994) state that the evidence cannot be divorced from the inquirer, as knowledge is dependent on both the researcher and the informant, and needs to be described in a meaningful way.

Therefore, qualitative research is a situated activity that involves studying the phenomenon in its natural setting in an attempt to make sense of and interpret it in relation to the meanings that individuals bring to it (Denzin and Lincoln, 2005). It is further described by Miles and Huberman (1994) as a narrative. Therefore, data is usually collected in the participant's setting (Creswell, 2009). The main form of data collection in the current study is via interviews.

3.3.3.1 Interviews

In order to answer the “how” questions (King and Horrocks, 2010), the primary data of this research was collected through semi-structured interviews. Demonstrating its significance to qualitative research, Silverman (2012), states that we live in an “Interview Society”. It is a subjective and narrative method that incorporates verbal communication in order to understand human feelings and social situations (Miles and Huberman, 1994). Hence, semi-structured interviews are considered to be the most widely employed method in qualitative research (Bryman, 2001).

The chosen methodology should complement the research objectives (Punch, 2005). Semi-structured interviews were chosen for their flexibility and ability to provide rich and comprehensive data (Bailey, 1987; Birn *et al.*, 2000; Creswell, 2009). Although a structure was imposed in the form of an interview guide, the researcher was able to achieve some in-depth probing on CSR-related issues, thus providing valuable insights and holistic understanding (Birn *et al.*, 2000) of CSR matters (See Appendix 2 for an example of an interview guide).

Drawing on the literature review and the research conceptual framework, a semi-structured interview guide was developed, outlining issues to be covered. At the beginning it addressed general questions, such as the definition of and familiarity with the CSR concept, and the nature and scope of CSR activities in the enterprise. It then moved on to specific questions, addressing factors that influence the conceptualization and motivations of the SME owner-manager’s role in society and the reasons for his engagement or disengagement with that society. Finally, it addressed the impact of CSR on society well-being. The guide was complemented by spontaneous questions in response to the points of view offered by the interviewees.

The companies were contacted first by phone, and, after the initial agreement, the ethical procedures outlined by Miles and Huberman (1994) were followed. Using this code of ethics, a formal introductory e-mail outlining the aim of the research and its questions was sent to the consenting interviewees. The e-mail explained the uses to which the collected data would be put, and the confidentiality that would be applied to the information given. It assured them

that information they provided would not cause any harm or risk to the reputation of their companies. Finally, to encourage the honesty of their responses, each interviewee was assured anonymity.

The interviews were face-to-face, with the intention of encouraging interviewees to raise and discuss a variety of additional, related topics, by probing key informants' understanding of various aspects of the CSR-related issues in question. This technique leaves ample scope for reflection and interpretation in the course of an interview, which is essential in the context of tacit perceptions and complex interactions (Patton, 2002).

Physically, the interviews took place in the workplace, mainly in the offices of the interviewees or in available meeting rooms, and lasted between one and half and two hours. In some cases, when the interviewee permitted this, the researcher was given more time to observe the setting and talk to other stakeholders in the company.

The interviews were conducted over two sessions, between August 2011 and August 2012. The first sets of interviews were mainly with SME owners or owner-managers. Data were coded during the collection process using pattern coding (Miles and Huberman, 1994). They were then coded as a whole, according to the three levels of analysis, as represented in the respective research questions mentioned above. This will be explained in Section 3.2.4.

Drawing on the findings from the first round of interviews, which focused mainly on the micro and meso levels of analysis, the decision was made by the researcher to conduct a second round of data collection. That round included the perspectives of the managers of international and local development NGOs who seek social transformation and improvements in the quality of life. This decision was derived from the quest to obtain a more holistic picture, and to fully understand the CSR phenomenon in Egypt. This helped the researcher to achieve the third research objective, which is related to the macro level investigation.

The total number of interviews was 54, of which 46 were conducted with SME owner-managers, or managers from various sectors, and 8 with developmental organizations.

The interviews were conducted in English for those who were more comfortable using that language to express themselves. For the rest of the participants who prefer to use Arabic, the interviews were conducted as such. The latter were translated by the researcher into English. All interviews were tape-recorded and transcribed by the researcher after getting approval from the interviewee. Audiotapes provide the researcher with detailed recorded talk which filed notes alone fail to offer. In addition, preparing transcripts is considered a research activity itself (Silverman, 2013).

3.3.3.2 Field notes

The data analysis in qualitative research starts from the field when the researcher creates a field text to record his field notes (Denzin and Lincoln, 2005). This constitutes "*indexing*" (Sanjek, 1990, p.386) allows the writer to make sense of the notes and move to the research text which entails interpretations of the field text.

3.3.3.3 Secondary data

In addition to the interviews, secondary data was collected through the use of a range of marketing material and other company documents collected during the visit. Where company websites were available, the researcher familiarized herself with the information presented before embarking on the interviews, in order to frame some of the interview questions in a way that was tailored to the company or organisation.

3.3.4 Data analysis approaches and steps

Analysis is the process that gives meaning to the data by generating, developing and verifying concepts (Corbin and Strauss, 2008). In the current research, the analysis went through a very iterative exploratory process informed by theory. In this respect, the data analysis began simultaneously

with the data collection stage. Several authors (Miles and Huberman, 1994; Merriam, 1998; Seale, 2004) assert that such an approach gives the researcher the opportunity to fill any gaps that exist in the data collected by reflecting on it so that they can plan for strategies to collect better quality data.

3.3.4.1 Data analysis approaches; deductive and inductive

The analysis of the transcripts was both *deductive* and *inductive*, confirming the iterative nature of qualitative inquiries (Patton 2002; Creswell, 2009). *Inductive* analysis starts with an observation of the real world and ends in discovering patterns, themes and categories in the data generated (Maxwell, 2005). This approach recognizes the meanings of the situations and events, the specific context within which the participants act and the process by which actions and events occur. The deductive approach, on the other hand, draws on an existing conceptual framework in the body of the literature that defines research questions in an explicit way (Saunders *et al.*, 2011; Miles and Huberman, 1994).

The *deductive* element was influenced by the research's multi-layered conceptual framework that integrates Nahapiet and Ghoshal's (1998) social capital dimensions (structural, relational, cognitive) with the three levels of analysis (macro, meso, micro) as presented in Chapter 2. A research framework can act as a conception of what the plan of the study will be (Maxwell, 2005). Silverman (2013) posits that rather than taking the research problem at face value, theoretical imperatives can steer the analytic conception and drive the research into a path that provides valuable perspectives on the social phenomenon. The framework was prepared prior to the empirical fieldwork. It thus represents the theoretical scope of this study that guided the data collection stage and, afterwards, the analysis of the data.

The initial codes were therefore predetermined deductively by developing a coding scheme derived from the social capital theory embedded in the research framework. The list included codes such as perception, motivations (to reflect the cognitive dimension of CSR), trust, reciprocity, friendship, identification (relation), ties, bonds, networks (structural) etc. The pre-set list of categories informing the analysis was not meant to restrict it, or to impose

certain definitions and categorizations on the data. However, Miles and Huberman (1994) suggest that the best way to protect against the overload of data characterizing qualitative inquiries is to start the coding process by creating a start-list of codes, derived from the research conceptual framework, prior to fieldwork.

These codes were tentative and hence open to refinement, as perceived against empirical characteristics and events (Wolcott, 1994). The data was then systematically analysed by teasing out the themes, patterns and sub-categories inductively (Easterby-Smith *et al.*, 2012). This systematic set of procedures followed in inductive analysis is argued to produce valid and reliable findings (Thomas, 2006). The inductive approach also allowed intuition to guide the progress of the researcher's understandings of the data (Easterby-Smith *et al.*, 2012).

The list grew as the data collection progressed. The research combined the deductive and inductive approaches of data analysis. Overall, the analysis process was influenced by grounded analysis technique, as described by Easterby-Smith (2012), which is similar to thematic analysis, as suggested by (Boyatzis, 1998) and Corbin and Straus (2008). These followed, to a great extent, similar sequence and rationale in data analysis, regardless of the slight differences in the terminologies and labels they attach to that sequence. The following section will introduce the steps followed in the current research, as informed by these combined perspectives.

3.3.4.2 Data analysis process

The data analysis and coding process took place through a number of iterative steps, as elucidated in Figure 3.4 and discussed below.

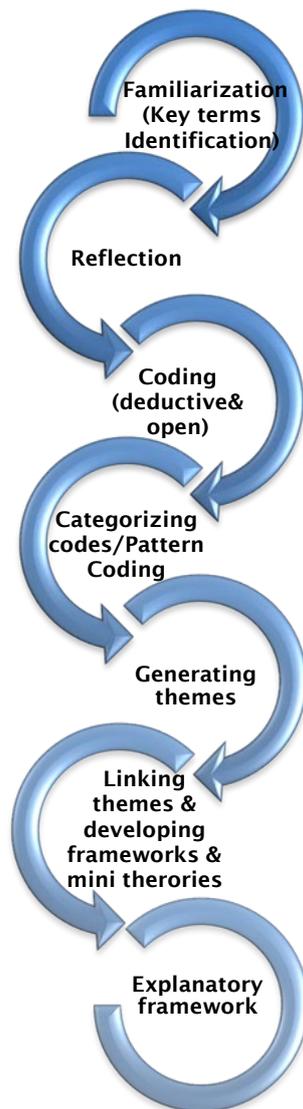


Figure 3.4 Research data analysis steps

Step 1: Familiarization (Easterby-Smith, 2012): In this step, the researcher listened to the recordings, transferred them into word documents and read the transcripts multiple times. She then identified what the data suggests by focusing on the research aim and objectives.

Step 2: Reflection/sense-making: During the next step, the researcher started to make sense of the data by evaluating it in view of the previous related research into CSR in SMEs in developing countries. In this respect, a critical evaluation was done by examining whether the data supported or challenged existing knowledge. It evaluated whether the data collected was

able to fill gaps in that knowledge by providing answers to previously debatable or unanswered questions. The reflection stage further examined the uniqueness of the data and the ways in which it differed from other studies.

Step 3: Conceptualization and coding (Miles and Huberman, 1994; Easterby-Smith, 2012): This stage entailed transferring the transcripts to a database to start the coding process. NVivo 10 qualitative analysis software served this purpose by structuring the categories and sub-categories, in a hierarchical order (free nodes and tree nodes) and in retrieving the data when needed.

Qualitative data analysis involves coding, which entails taking raw data and raising it to a conceptual level. In other words, it is the process of disaggregating the data and attaching a label to one of these sections in the transcript to categorize the data in a way to make sense of them (Patton, 2002; Easterby-Smith, 2012; Symon and Cassell, 2012) . Miles and Huberman (1994) call this step “clustering the data”. Codes are the names given to the concepts derived through the coding process.

During this step, sections of the transcript that seemed to be relevant in answering the research questions were highlighted, and codes were assigned to them. The codes were labelled so that they were *conceptually meaningful* to the social phenomenon being investigated, and at the same time kept close to the data. The closeness of the codes to the data, or the “data-driven codes” that were developed inductively, has the merit of increasing the reliability of the analysis (Thomas, 2006). This is because the closeness of the code to the raw information allows other people to perceive and encode the data in a similar fashion (Boyatzis, 1998). Therefore, if a section emerges that does not seem to be encompassed by one of the pre-set categories that informed the analysis, the researcher can assign new codes to them. This coding process is named “*open coding*” by Strauss and Corbin (1998). These open codes link the data to the research issues and questions (Corbin and Strauss, 1998; Miles and Huberman, 1994).

Concepts/codes are therefore the main means of linking the relationships between data (Blumer, 1969). They pave the way for the meaningful grouping, organizing and categorizing of the data (Blumer, 1969; Corbin and Strauss, 2008).

Step 4: Cataloguing concepts (forming tree nodes)/categorizing/clustering themes: The coding stage led to the development of a set of core themes (Boyatzis, 1998; Miles and Huberman, 1994). Strauss and Corbin (2008) maintain that the ability of the researcher to show the way in which the themes systematically interrelate is the path towards the development of the theories. A theme captures the qualitative richness of the social phenomenon, and this, in turn, will be useful later on, in the analysis of the data and in its interpretation (Boyatzis, 1998).

Therefore, this step involved clustering multiple themes groups, where a cluster is a higher-order theme. Miles and Huberman (1994) describe this stage as the process of moving to higher levels of abstraction. Such a process helps in the transformation of the data to a form that aids interpretation and presentation (Miles and Huberman, 1994; Coffey and Atkinson, 1996).

Similarly, Corbin and Strauss (2008) agree that concepts/codes vary in level of abstraction; there are basic level concepts/codes, which point to and relate to the higher level concepts/codes, or so-called categories. The more one moves up the conceptual ladder, the broader and more explanatory the concepts become. Thus in the conceptual pyramid, the higher-level concepts represent a solid foundation upon which the lower-level concepts rest, as shown in Figure 3.5 (Corbin and Strauss, 2008).

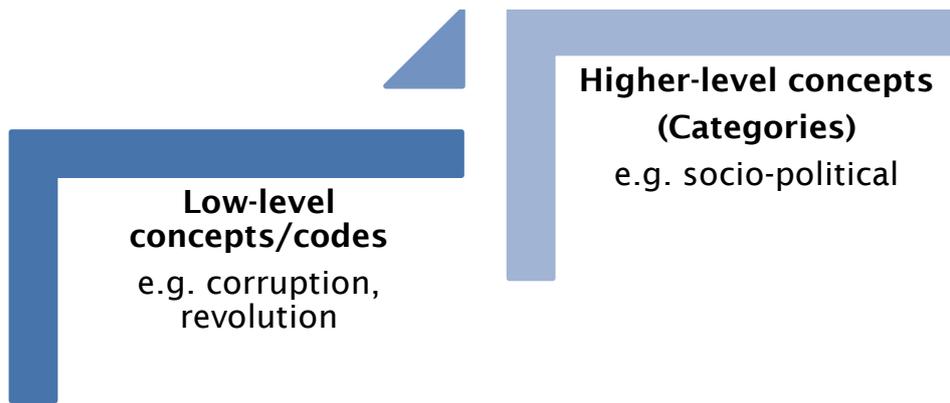


Figure 3.5 Concepts' levels of abstraction adapted from Corbin and Strauss (2008)

To illustrate, there exist some important concepts that participants mentioned which could contribute to understanding what is going on in the data. For example, bribery and nepotism were considered by the researcher as two lower levels of concepts, and these have been categorized into a higher level concept named “corruption”, etc. The higher level concepts were coded by the researcher and articulated as explanatory factors (Easterby-Smith *et al.*, 2012). These new codes were then placed under one of the pre-determined higher level codes. For example, corruption and revolution (free codes /or free nodes in Nvivo 10) were placed under socio-political influences (tree code/tree node) and both were placed under the macro factors that were pre-determined, based on the research conceptual framework, and so on (See Appendix 3 for the list of the research themes in NVIVO 10). In this sense, the data analysis had both deductive and inductive elements in it.

The coding was taken in a hierarchal order where the pre-set categories of social capital at the micro, meso and macro levels formed the base for the data analysis, being the higher level codes (or tree nodes, using Nvivo language). Thus, those “*focused codes*”, as labelled by Easterby-Smith (2012), “*pattern codes*”, as named by Miles and Huberman (1994), or “higher level” codes, as described by Corbin and Strauss (2008), are more conceptual and analytical. As the analysis progressed, the more salient themes were moved to the higher levels.

Step 5: Re-coding: Data analysis is an iterative process. It was thus essential that the researcher went back to the data frequently to compare it with previous coded interviews, to ensure the consistency of the rules of coding across all transcripts (Corbin and Strauss, 2008; Easterby-Smith 2012).

Step 6: Linking data and developing mini-theories: This stage provided a more holistic view of the data. It involved identifying and recognizing the patterns and relationships that emerged between concepts, categories and key themes in the data. Chapter 4 provides a description of the key themes that emerged from the data analysis.

Step 7: Interpretation: In this stage the researcher worked towards building a conceptual framework through transcending the data and probing into what could be made of them (Wolcott, 1994). This went through a process of inductive reasoning and inference with reference to the research analytical and conceptual framework, together with the researcher's doctoral training, personal experience and familiarity with the research context (Lincoln and Guba, 1985; Wolcott, 1994; Patton, 2002) Wolcott, 1994; Patton, 2002). This stage produced an explanatory analytical framework (Easterby-Smith, 2012), as presented in the discussion in Chapter 5.

3.3.5 Trustworthiness of qualitative research

Establishing the trustworthiness (a parallel meaning for rigour in positivistic terms) of the research is essential in social studies. Traditional positivistic approaches include *internal validity*, *external validity*, *reliability* and *objectivity* (Lincoln and Guba, 1985). These concepts are viewed and judged upon differently in qualitative inquiries.

Lincoln and Guba (1986) propose different, alternative, but corresponding criteria to establish the trustworthiness of qualitative research. These are credibility, transferability, dependability and confirmability, correspondingly.

Table 3.4 illustrates the various techniques used in the current study to ensure the trustworthiness of the research adapted from Lincoln and Guba (1986) and Miles and Huberman (1994).

Table 3-4 Application of Miles and Huberman's (1994) and Lincoln and Guba's (1986) Alternative Criteria of Establishing Trustworthiness to the Current Research

Trustworthiness techniques	Application to the current research
<p>Credibility</p> <ol style="list-style-type: none"> 1. Checking for representativeness 2. Weighting the evidence 3. Investigating rival explanations 4. Making comparisons & contrasts 5. Finding negative/extreme cases 6. Replicating the findings 7. Triangulation 8. Member checks 9. Peer debriefing 	<p>1- 6</p> <ul style="list-style-type: none"> ➤ Conducting interviews with two different groups, SME owner/managers & representatives from various developmental bodies, diversity in the sample <p>7. Semi-structured interviews, documentary & website analysis</p> <p>8. Data verified & tested by research participants & colleagues in the field</p> <p>9. Dissemination of the research through academic discussion with imminent scholars (e.g. Laura Spence, Francesco Perrini, Derk Matten, Bobby Banarje) in the field of CSR, CSR in SMEs, CSR in developing countries in international conferences e.g. EURAM, BAM & EGOS</p> <p>Book chapters & journal publications</p>
<p>Transferability</p>	<ul style="list-style-type: none"> • See sections 1.2, 2.4 for an overview of the context of Egypt & developing countries; Chapter 4 for description of CSR operationalization in the Egyptian context; Chapter 5 for discussion & interpretation of the analysis highlighting the particularities of the context.
<p>Confirmability & dependability</p>	<ul style="list-style-type: none"> • Systematic inductive data analysis • Interview recordings files • Nvivo 10 software for data retention, retrieval & future checks • Supervision discussion, updates & feedback that ensure a rigorous research process (particularly data collection & analysis)

Credibility of the findings (i.e. internal validity in positivistic terms) is attained by following rigorous methods and tactics when conducting the fieldwork. Different tactics are proposed by different authors to ensure the credibility of the data.

Checking for representativeness, weighting the evidence, investigating rival explanations, making comparisons and contrasts and replicating the findings were among the tactics proposed by Miles and Huberman (1994), and were followed by the researcher to fulfil these criteria. Conducting interviews with two different groups, SME owner-managers and representatives from various developmental bodies (see Appendix A for participants' profiles), helped the researcher to weigh up the evidence and evaluate the quality of the data. Those representatives were close both to the operationalization of the CSR phenomenon in the Egyptian context, and to the SME sector. Miles and Huberman (1994) argue that the quality of data can be enhanced through thoughtful articulation by participants who are more knowledgeable and closer to the matter of interest. Interviewing this group achieved this, and also disconfirmed the evidence by comparing and contrasting the statements between the two groups (i.e. SMEs and representatives). These techniques helped the researcher to replicate the findings about the same situations. Analysing data during the data collection stage gave the researcher the opportunity to compare and contrast the evidence between the different groups. It also allowed the researcher to look for the negative or extreme cases (Miles and Huberman 1994; Lincoln and Guba, 1986).

Lincoln and Guba (1986) also propose other techniques. They maintain that credibility of a study can be ensured through **triangulation** (using multiple sources of data). This research used interviews as the main source of data collection, which enabled prolonged engagement and participant observation. This was supported by analysing company websites (if available) and publicly available documents (e.g. global compact report). Another technique they recommend is "peer debriefing". The approach and findings of the current research have been presented in six international reputable academic conferences, and the findings published in three book chapters and one academic journal.

Member-check is another technique followed in the current study. Moreover, having the findings approved by the constructors of the multiple realities demonstrates the credibility of the findings (Miles and Huberman 1994; Lincoln and Guba, 1985). This technique is referred to by Lincoln and Guba (1985,

p.314) as “member-check”, which they consider to be one of the most crucial tactics for enhancing the credibility of findings (Lincoln and Guba, 1985). Accordingly, data, categories, interpretation and conclusion of the findings were examined, verified and tested by the participants who constructed that reality.

Transferability (an analogue to external validity) refers to the application of research findings in other contexts. In the context of qualitative research, and the current research follows the same rationale, the aim is to provide rich insights or thick description about a social phenomenon within the context of the study (Lincoln and Guba, 1986). Therefore, generalizing the results beyond the setting of the studied sample over a population is not the main concern of qualitative studies, as is the case in quantitative research. Chapter 4 provides detailed narratives describing how SMEs are involved in CSR practices. Chapter 5 presents the intertwined relationships and plausible explanations of the reasons and ways in which CSR is conceived and practised among Egyptian SMEs, by paying attention to the particularities of the Egyptian context as an example of a developing Arabic and Middle-Eastern country. Providing this thick description about the Egyptian contextual realities might present insights into the CSR phenomenon in the developing and Middle Eastern world that make transferability possible on the part of potential readers and appliers (Lincoln and Guba, 1985).

Conformability and dependability (analogue to objectivity and reliability) is achieved when repeated investigations of a social phenomenon achieve the same results. This is attained when the characteristics of data demonstrate confidence in the procedures followed. Organizing and storing the data in Nvivo 10 software for future retrieval and later checks achieved this. Moreover, discussion with academic colleagues and supervisors provided confidence in the rigour of the research process.

3.4 Conclusion

Focusing on the social origins of knowledge seemed a much better starting point for engaging in the corporate social responsibility debate than any theoretical moral argument. CSR is a concept that developed from social concerns and is as much about interpretation as about actual events.

Therefore, the contribution of this chapter to the research stems from the significance of the methodology in defining the way in which the researcher went about examining the social phenomenon, and the logic used to examine it (Blaikie, 2000; Silverman, 2013). The chapter delineated the status and nature of the knowledge that was sought (i.e. the epistemology), and the way reality (i.e. ontology) is considered, viewed and defined in the current study.

The discussion above elucidated both the methodological position followed in the research and the rationale behind the research design and data analysis.

The chapter described the researcher's analytic journey, and provided the reader with a picture of how the analysis was undertaken and transformed into meaningful inferences and conclusions.

Chapter 4: Key findings at multi-layered levels of analysis

4.1 Introduction

This research focuses on the dynamics of CSR as experienced by SMEs in a developing country, Egypt. As explained in the previous chapter, the research draws on an empirical study of SMEs and representatives of entities concerned with CSR development. The objective of this chapter is to present a multi-layered analysis of the research findings, in conjunction with the research framework set for the study (see Figure 2.6).

The chapter is structured around four main sections. Revisiting the research questions below, these sections are created in order to address the key areas of inquiry.

The rest of this chapter sets out the key themes to emerge from the interviews that help to address the research questions presented in Chapters 1 and 2. The analysis focuses on the following key questions:

RQ1: How do SME owner-managers conceptualize and perceive their role towards society?

RQ2: What motivates or discourages SME owner-managers from engaging in CSR activities?

RQ3: How is SME owner-managers' conceptualization of their role in society operationalized and translated into social practices with the business stakeholders?

RQ4: How does the nature of relationships between SMEs and their stakeholders influence their CSR engagement?

RQ5: What are the macro-contextual dynamics, dictated by the socio-cultural, economic and political conditions, influencing SMEs' conceptualization and motivation of CSR in the Egyptian context?

RQ6: How can the macro-contextual dynamics, i.e. the socio-cultural, economic and political conditions, influence SME operationalization of CSR in the Egyptian context?

RQ7: How can the macro-contextual conditions influence social capital stocks that facilitate or deter social actions?

RQ8: What is the overall influence of SME CSR conceptualization and operationalization on the well-being of society?

This chapter provides evidence from the research findings, the four sections being structured as follows: The first section uncovers the main factors and challenges faced by SMEs at a macro-environmental level. The influence of these factors on the dynamics of social capital at the meso-organizational level, and on the manifestation of CSR is discussed in the following section. The third section presents and analyses the key themes pertaining to the ways in which the changing dynamics of social capital, mediated by the broader macro-context, influence SME founders' conceptualizations and motivations towards their role in society at a micro-individual level. The final section presents the impact of the current SMEs CSR practices on the Egyptian society.

Table 4.1 provides a summary of the key findings emerging at the three levels of analysis. The rest of the chapter presents these themes, including an extended explanation, with additional evidence on the interplay between the three layers of analysis. The interrelation between these layers and its overall impact on the development of society will be discussed in Chapter 6. The chapter concludes with a summary of the key findings.

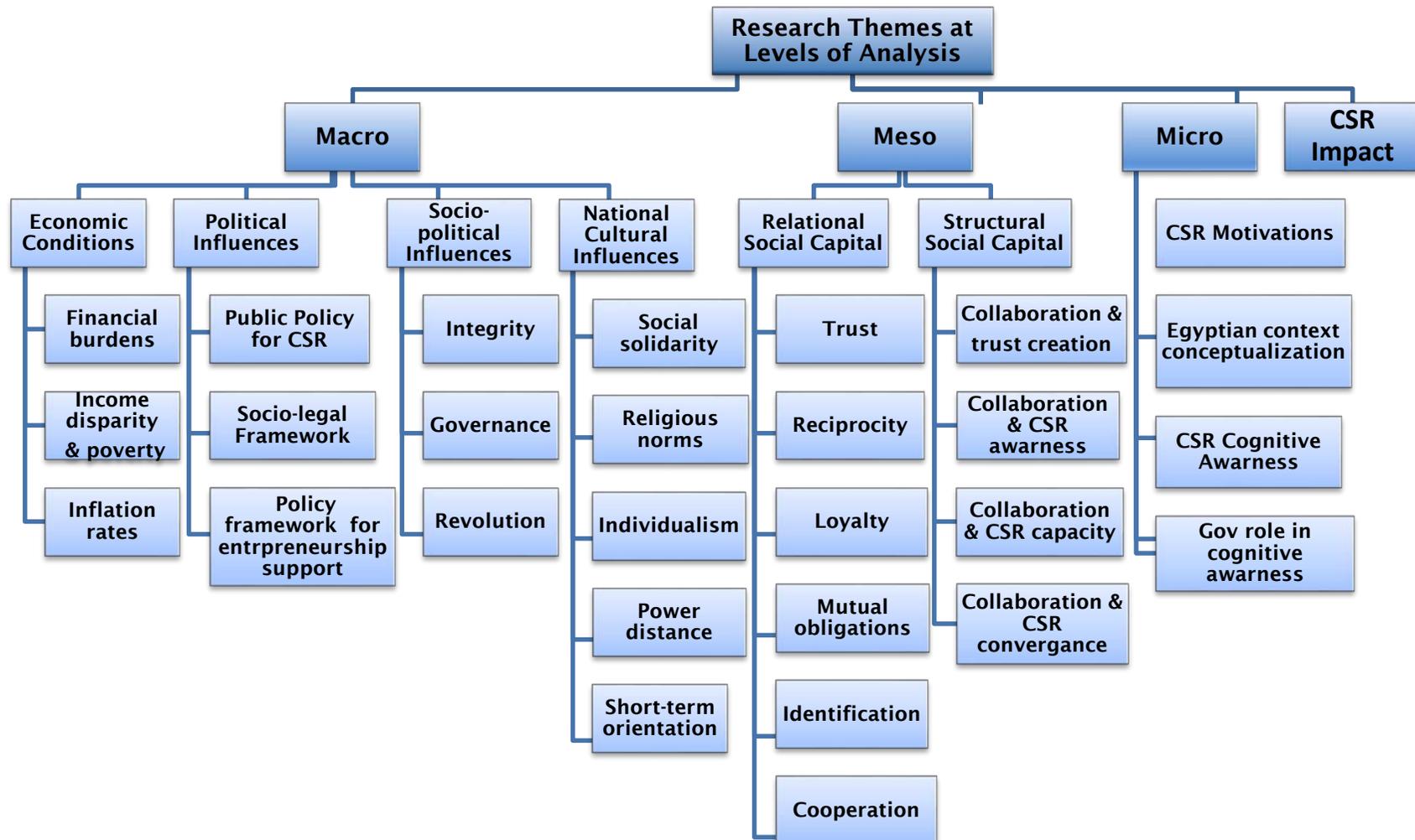


Figure 4.1 Summary of the research themes at the micro, meso and macro levels of analysis

4.2 Macro level findings

This section illustrates the main findings with regard to the macro conditions shaping SME owner-managers' CSR orientation and manifestation of their role in society. It also sets the context for more detailed analysis of SME CSR in the Egyptian context, at both a meso and a micro level.

Several questions were asked during the interviews to seek an answer to the broader question: "***How is CSR conceptualized and operationalized in Egyptian SMEs and what is the impact of this on the broader institutional and societal level?***" More specifically, from a social capital perspective, which is argued in this research to influence CSR engagement, "***How can the macro-contextual conditions influence social capital stocks that facilitate or deter social actions?***" The views of the participants in this regard were fairly consistent, the results of the data analysis identifying four main themes relating to the contextual factors influencing SME CSR engagement. These include ***economic conditions, political influences, socio-political and cultural influences***. These themes are spelled out in the following sections. The impact of each of these factors on CSR interpretation and manifestation in SMEs is discussed from a social capital perspective in alignment with the overall theoretical framework.

4.2.1 Economic conditions

The harsh socio-economic conditions outlined in Chapter 1 present a daunting challenge to SME owner-managers, and often discourages them from engaging in CSR practices. The salient economic constraints mentioned by the participants include: ***a) financial burdens*** imposed on SMEs (e.g. tax burdens and limited access to finance), which is explained in detail in Section 4.2.2.3; ***b) income disparity and poverty***; and ***c) high inflation rate***. This economic setting leads to social problems that affect both business owners' approaches towards and practices of CSR, and also their engagement with stakeholders at the meso-organizational level.

Financial burdens have shifted companies' focus towards their own survival and the short-term economic benefits of achieving that goal. One owner-manager describes this situation in the following quote:

"The economy in Egypt is reaching the bottom. The companies' goal now is to survive. Not until then, when CSR can flourish, because CSR can only be done once the company is profitable and able to give back some of its profits to the community".

Economic burdens have thus created a short-term orientation for strategy-making, where immediate survival and profit motives have become the prime interest of owner-managers. These conditions hinder SMEs from growth and from finding effective ways to sustain their business in the long-term.

The economic burdens affect not only SME owner-managers, but also their stakeholders, placing additional burden on the managers to resolve stakeholder hardships. The most significant socio-economic problem is "**wealth disparity**", or the unequal distribution of income, which leads to absolute poverty, a problem that is dominating Egyptian society. The findings reveal that inequality in Egyptian society is widespread, and is a main economic factor suffered by employees and reflected in their low standard of living. It strongly influences employee attitudes, motivations, relationships and performance in the workplace in general, as described by the SME owner-manager of a health and beauty company:

"The minimum salaries are really low, in order not only to motivate people to work, but to make them reach the security level in Maslow's need hierarchy. The salaries cannot provide them with a humane accommodation; it cannot provide them with grocery supplies that last till the end of the month, or even with medicine if they got sick".

These tough economic conditions place a huge burden on SME owner-managers. One SME owner-manager expressed empathy towards the poor conditions of employees who are overwhelmed with debts and financial responsibilities that they cannot fulfil. He expresses his dilemma - the trade-off between social progress and economic efficiency, stating:

“I have a strong desire to improve the lives of my workers. They are truly living in miserable conditions due to the huge gap between their needs and what their income can satisfy. Improving their well-being will not only reflect on their personal lives but on their productivity as well. I won’t take highly developed countries as examples, but even if we look at workers in Cyprus, Lebanon or Syria, we’ll find that their income allows them to live decently, unlike Egyptian workers who are frustrated all the time for not being able to satisfy their families’ basic needs of food and shelter. Despite how compassionate we feel towards them, our hands are financially tied”.

The above quotes offer examples of where the demands of social responsibility and the demands of business are openly opposed. These views reinforce the impression that managers are short-term oriented, profit-seeking being their prime interest, and that they are not given to strategic thinking and action. Economic conditions, therefore, have a significant bearing on the short-term and long-term cultural orientations of SME, as discussed in more detail later on under the theme of culture.

One major reason behind the income disparity that employees suffer may be attributed to high ***inflation rates***, which hover at around 12%, as pointed out by one of the participating owner-managers:

“The problem with the unfair market salaries is caused by the high rates of inflation compared to the levels of increase in the salaries. Salaries did not increase for 30 years by more than 5 or 10 % maximum, which is ridiculous. So this is a problem that is out of my hands as a small business”.

It is therefore clear that the tough economic conditions are creating a burden on both business owners and their employees, influencing the generation of social capital at a meso-organizational level, as explained in detail by analysis later in the chapter.

4.2.2 Political influences: Government's role in strengthening CSR

As agreed by the majority of participants, the market drivers and business case for CSR are not clear, and SME awareness level of the social and environmental impact of their operations is considerably low. There was general agreement that the public sector does have a leading role to play in fostering CSR. However, participants questioned the current regulating role of the Government in aiding this. They highlighted the need for stronger governmental influence on the way that SMEs can pursue CSR, rather than leaving CSR activities entirely to the discretion of business owners who lack not only awareness, but also the capacity to engage.

These views imply a strong role for the Government in empowering a business environment that boosts socially and environmentally responsible performance. This role, as suggested by the participants entails: *a) the development of CSR public policies*, coupled with *b) the provision of a functioning legal and regulatory structure* and *c) the provision of support to entrepreneurship* by eliminating the bureaucratic burdens that hinder CSR engagement. Participants agreed that these are the main pillars of the enabling environment which the Government would have to provide for CSR to prosper in the Egyptian context. These pillars, summarized in Figure 4.2, are further explained in the following sub-themes.

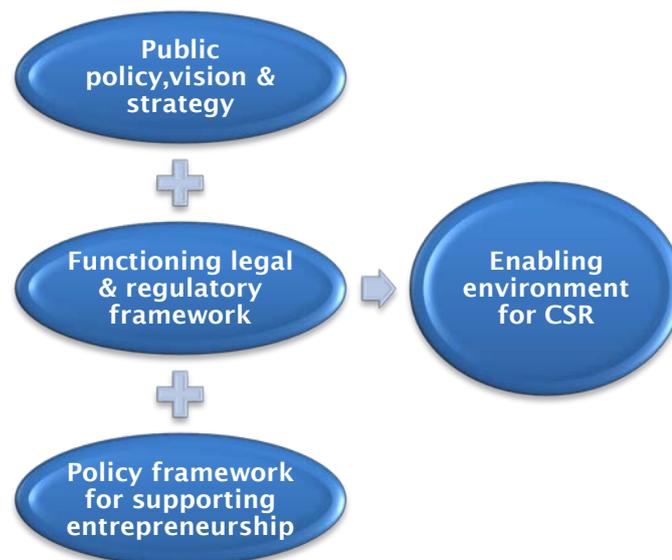


Figure 4.2 Government's role in enabling SME CSR engagement

4.2.2.1 Public policy, strategy and leadership for CSR

Participants asserted that the Government needs to build a national public policy and strategy on CSR, which clearly defines the roles and responsibilities of the various stakeholders. This should include a clear vision, mission and strategy to create a blueprint for advancing this vision and objectives. This, in turn, would encourage the private sector to cooperate with the Government towards achieving this vision. Such an institutional approach to CSR was considered by the majority of the participants to be lacking, although urgently needed. One manager of an NGO describes this situation as follows:

“Regarding the big national picture, there is no policy, and there is no vision for enhancing CSR in the private or even in the public sector”.

Another SME owner-manager explains this point by providing an interesting analogy to CSR, which shows that the dearth of interest and awareness of CSR is a result of the lack of coherent, unified CSR understanding and policy that SMEs can engage in and follow:

“It is all about the system. All the parties and elements of that system should be moving on the current. There should be a common interest in CSR. It is like the football, when the whole country is supporting this game, everyone will be watching the match, the media is broadcasting it and analysing and discussing the performance, the techniques and strategies of the players and so everybody else in the community does. This generates a common interest in the society toward the subject. But if you talk about the polar bear in the Antarctic, what is the importance of that issue to the community? The importance of the CSR idea is exactly like the polar bear’s to the Egyptian community!”

Some participants added that designing a diverse array of public policies, specifically tailored to the SME sector, could be instrumental in encouraging businesses to take into account their social and environmental impact. This would help them use their core competencies to address the key sustainable developmental challenges facing society. One participant highlights the leading role of Government that is needed for achievement of that goal:

"The bottleneck of CSR is the Government". If CSR initiatives didn't come from the "owner of the house" it will never succeed. It should be announced that CSR is a key element in the development project agenda, and that every citizen, every company, small or large is expected to participate in it. It should specify what developmental work is needed so that everyone can participate by what he can do best. If personnel are needed for work for 10 hours every week in elderly home care, or 2 hours in a community project, these hours can be distributed among different companies. If a CSR agenda as such is publicly announced, trust will be built. People will believe the government officials, and credibility will be increased".

Creating public policy instruments and strategies that include various stakeholders working on CSR issues, where they can participate in policy dialogue, is perceived by participants to be an effective tool for setting the parameters for how businesses can manage their actions in society. At the same time, this will ensure that these activities are in line with the public development needs of the country. This "multi-stakeholder" approach has three main benefits: **first**, it ensures convergence between governmental approaches and policies and SME actions. This has the potential to substantially improve the developmental impact of CSR agenda and transform the haphazard way of dealing with CSR concerns into a collaborative, strategic one. This leads to the **second** benefit revealed by the findings, which is an increase in the **trust** and **credibility** and of the initiative, due to increased transparency resulting from the social actors' involvement. **Finally**, and most importantly, business involvement in CSR policy-making is crucial in changing the balance of power between business and Government, which could result in a stronger and more transparent regulatory system. This is likely to eliminate fraud, corruption, and bribery (in particular, payments required from the business owners in return for public services, permits, licences or documents that could affect the viability of the business), and encourage transparency between Government and business.

Confirming the **first** benefit, participants noted that CSR public policies targeted at coordinating government bodies and building their capacities are required, but lacking. For example, the low levels of CSR awareness and minimum social impact of the current initiatives are partially attributed to lack

of orientation towards social problems, and lack of communication and synergy between Government, ministries and the private sector. Lack of a public policy, national plan and poverty map, were among the problems mentioned in the interviews. These result in fragmented CSR initiatives based on individual efforts, which does not lend itself to real developmental impact. One NGO manager refers to this issue stating:

“The main reason for the current haphazard way of giving is because there is no governmental announcement or communication for the poverty maps in Egypt that shows where the money should be given and what areas of development is needed and in which places. A map that states for example, that this city suffers from these kinds of problems, this street needs a list of x,y,z. actions. There should be a certain institution that develops this list. If it is announced and well-communicated, every company, every citizen will know what exactly is needed and what he can deliver in these areas based on his capabilities and areas of expertise”

These views raised the importance of the **second point**, which is building trust for the engagement of SMEs in CSR initiatives. Lack of any clearly communicated CSR policy undermines the credibility of the current initiatives and forces SMEs to partner with other entities which they know and trust, the result being a fragmented way of giving, as clarified by one NGO manager:

“The main problem is that we lack a map for the educational, health, social and poverty problems existing in Egypt. The result is the current way of philanthropic giving where people choose to give their zakat money to the nearest charitable foundation or mosque, because simply they TRUST”.

Regarding the **final benefit**, the interviews confirmed that abuse of power by public officials can be eliminated by the presence of polices that control Government–business relationships, and, in turn, influence the stocks of social capital in terms of trust. One participant states:

“Corruption doesn’t mean only bribery, it means giving the wrong person absolute power in the wrong place. And this is what happening in Egypt. You give

the manager of industrial security, who has the authority and power to close the whole factory 900 Egyptian pounds monthly salary, are you kidding me! What do you expect from him? You give so much power to someone who is very weak scientifically, has weak knowledge, has no tools, or inspection list or guide, and you just send him to take such powerful decision in a non-transparent manner. Similarly, the licencing process for opening a factory and so on is not transparent and no one can track what is going on behind the scenes. The final decision is all in one person's hand who has the absolute power in making the decision. The one who tries to open and run a business in Egypt, God have mercy on him!. All that leads to a vicious cycle, this situation creates lack of trust between the private sector and the Government because of the prevailing corruption and the lack of CG, which leads again to lack of trust and that has caused the non-existence of CSR".

4.2.2.1.1 Government leadership and CSR development

The overall findings confirm that the Egyptian Government lacks overview and understanding of CSR priorities, and needs the capacity to establish an effective regulatory structure. They also highlight the need for the development of policies to monitor the Government's own social responsibility. In the words of one NGO manager, this would allow the Government to ***“lead by example”***. Another NGO manager emphasized this point by providing an example to show the ineffectiveness of current governmental initiatives, due to lack of a coherent and common CSR policy, vision and goals. A ***“top-down”*** approach, he suggests, should begin with governmental commitment to CSR, with public officials leading by example and promoting a culture of CSR:

“The current initiative of “My clean country” for cleaning the streets that the new Government initiated is such a joke. It shows how the Government lacks awareness and capacity on that issue. They asked the regular citizens to be responsible for this initiative and placed the burden on them to clean the streets. They did not punish those companies who are in riot and caused this problem, and turned to the citizens and private businesses to do the job instead. Of course the result is that only few participated. Who would you expect to believe the government that deals with such issues that way anymore? But what happened is like the quote that says “A legless man

cannot teach how to walk". No one felt that it was coming from inside. But on the other hand, if the citizens feel that this initiative is coming seriously and strategically from top down, everyone will participate and the results will be remarkable. If the Government declared and communicated a clear CSR objective, that states for example that it has a problem in hiring enough personnel needed to clean the streets because it does not have the budget for that, and that it needs volunteers to do that, everybody would be willing to volunteer".

The previous example echoed the views of many participants, who pointed to the lack of any strong governmental leadership which could “*walk the talk*” and move the whole county onto the CSR bandwagon, as successfully achieved by other countries:

“The problems in the society will not be solved unless it gets a leader with clear vision like Mahateer Mohammed. There is lack of vision and lack of clarity on the direction the country is going to. Mahateer Mohammed in the ‘90s outlined a 30 year developmental vision to Malaysia and it is still followed until this day, even though he is not around, his vision is still implemented. What made Malaysia developed is the vision”.

Similarly, one NGO manager confirms this point by mentioning the experience of the UK Government as a leading player in the development of CSR policies across Europe:

“In the UK they formed a ministry for CSR. They appointed a minister specifically for handling the CSR-related issues. The government gives support to small businesses in CSR through designing policies that guide them on the social and environmental standards”.

The participants’ views therefore highlight the crucial role of SMEs in supporting and complementing government actors, who lack the capacity, experience and awareness of the development of national strategies for poverty reduction and sustainable development. The study also reveals that SMEs need to follow a clear set of public policy objectives to ensure

convergence over the CSR goals. At the same time the Government needs to provide incentives to those companies contributing to the achievement of these goals. Neither clear CSR goals, nor real incentives are provided for SMEs. Rather, a list of obstacles that the Government places on SMEs and their CSR engagement appear strongly in the data, as will be revealed in the subsequent sections. These obstacles lead to a philanthropic, ad hoc manner of giving, with no real long-term developmental impact on society.

4.2.2.2 Socio-legal infrastructure and frameworks; laws and regulations

“CSR starts with the law”

Revisiting the CSR definitions presented in Chapter 2, CSR is about companies acting voluntarily to raise social performance beyond minimum legal standards. One issue debated amongst the participants was whether CSR principles should be legally binding, or instituted on a voluntary basis. The majority of participants supported a legally binding approach which imposes a legal framework for CSR issues sensitive to the Egyptian context, namely human rights, child labour, income inequality and environmental protection.

In this respect, participants maintained that the Government has a vital role to play in orchestrating CSR through:

- a) *Setting the standards*** that can be considered as minimum social or environmental performance requirements that SMEs need to adhere to;
- b) *Ensuring compliance*** with those minimum standards;
- c) *Incentivizing*** companies to engage with CSR;
- d) *Strengthening the legal framework*** to improve governance, transparency and accountability to combat corruption and stimulate business integrity.

With regards to the ***first*** role, participants call for Government intervention to ensure minimum legal standards by enforcing more regulations on company behaviour. Regarding the workforce, for example, defining decent minimum standards for employee salaries and health insurance, whilst encouraging companies to move beyond these, is an essential responsibility for the Government to fulfil. One NGO manager expresses the need for laws to

increase the minimum monthly wage, and set a wage ceiling to ensure fair distribution of wealth and improve relationships between businesses and employees:

“The minimum salaries are unfair, they do not cover the basic needs of any employee, the mandatory public health insurance that employers are required by law to provide for each employee does not cover a fraction of the cost of the treatment”.

Such unfair conditions create tension in workplace relationships. In an environment where compliance is the exception rather than the norm, many employers consider that adhering to the minimum legal requirements is a fulfilment of their role towards their stakeholders. Employees, on the other hand, get frustrated because of their continuous inability to survive under the unfair living conditions. The negative influence on relational social capital is explained in detail in the meso-organizational analysis in Section 4.3.

Participants highlight a **second** important role for the Government: to ensure compliance with minimum standards, largely because the national legal framework that promotes CSR principles is fragile. One SME owner-manager confirms:

“What makes people in Europe respect the law? Simply because they know there are consequences. Here there is no consequence”.

With regards to the **third** role, participants emphasised the need for mandating laws that facilitate and incentivize business investment in CSR. One SME manager asserts that:

“The government should create incentives for those who support NGOs in their CSR efforts, [Such] as tax reduction for start-ups”.

Another SME manager also made this point, noting that structural changes in the legal instruments pertaining to CSR can be an effective tool to mainstream CSR. He suggests one mechanism to fulfil this goal might be offering tax

exemptions directed towards angel investments, which offer low interest rate loans for SMEs, as part of a company's CSR programme. Another participant mentioned a multinational bank, operating in Egypt, which started this initiative by promoting a "*Social responsible investment (SRI)*" scheme, aiming to fulfil such goals. Offering lower interest rates, privileges, or priority in Government bids, for example, to those SMEs which incorporate CSR into their strategies and operations, has the potential to promote and mainstream CSR in SME management practice.

With regards to the *fourth* role, participants acknowledge that corruption even extends to the legal system, where bribery is a common practice, resulting in laws and Government policies in favour of privileged groups. SMEs find it difficult to navigate the system, as expressed by one of the participants, who calls for laws and regulations that mandate transparency and disclosure:

"You're either out of the game or you go with the flow and at the end of the day, you chose to go with the current and play it unethically!"

Participants blame the Government for the societal deficits that reflect its shortfalls in developing and enforcing a robust governance system. Enforcing laws that ensure governance and transparency at the business level, and that govern relationships and dealings with various stakeholders, should be one of the main priorities for policy-makers, as argued by the majority of participants. A developmental organization manager confirms this point, stating:

"The Government has to show support and lead to the efforts that encourage the private sector to do internal control; it has to come from national entities by enforcing laws. We want to have a unified anti-corruption law and freedom of information. If the private sector can see that, they will do it themselves".

The previous point is confirmed by one IT SME owner-manager, who had had a negative experience with one of the NGOs. He calls for stronger public governance frameworks to strengthen the effective implementation of the regulations:

“The Government should try to at least create the enabling environment through enforcing strong regulations. The Government should fix this regulatory framework of NGOs first. They should create a network affiliated with governments so that if anyone wants to engage with the Government, it can connect him to the database of NGOs. But unfortunately, dealing with NGOs is a big problem. For example, we did not take back our money when we participated with one of the NGOs in a joint CSR project that supports new entrepreneurs. And the winner didn’t get his prize at all! NGOs have to be correctly monitored”.

As noted in the above example, such a regulatory framework has the merit of not only encouraging SMEs to participate in CSR, but also fostering relational social capital aspects by creating a credible and trustworthy environment that facilitates structural social capital ties, linkages, communication and support for different actors working in CSR. In short, it nurtures a trustworthy environment that drives SMEs to substantiate their social actions.

Not only is such regulatory framework lacking, but a policy framework to support the entrepreneurship process is also found to be deficient in the research context, obstructing SME social engagement. This is explained further in the next section.

4.2.2.3 Policy framework for supporting entrepreneurship and SMEs

The above findings indicate that the Government does not provide a framework to support and encourage SMEs to work with their local communities, to tackle deprivation and boost the local economy. Providing tailor-made policies which stimulate SMEs to venture beyond the minimum legal requirements is shown to be a major challenge that needs strong Government intervention and an incentive structure. Discussion with the participants in this area touched upon two main issues: **1) Lack of support for entrepreneurship. 2) Bureaucratic and financial barriers**

1) Lack of support for entrepreneurship

This includes: a) lack of credit access; b) lack of a legal support system; c) lack of support in terms of capacity-building, know-how knowledge

base and know-how on managing and sustaining a business; d) lack of policies that protect local producers; e) the “fame and shame” risk; and f) tax burdens. **2) Bureaucratic and financial barriers**

Participants genuinely believed that these challenges force businesses to overlook the well-being of their stakeholders and to place societal issues at the periphery, rather than at the core of their businesses.

Developing a framework that supports entrepreneurship has proven to be a departure point that paves the way for SME engagement in CSR. One NGO manager reflects on this link as follows:

“The problem is that you talk about a step that in order to reach it, we still have a long road to go. Before we talk about CSR and joining the international standards of CSR, we need first to talk about the entrepreneurship culture, the knowledge and the support they receive. There is a list of challenges. Among these is access to credit, that is almost impossible. Even if they got it, there is 14% interest rate that applies to SMEs the same as to large companies! Access to cheap and easy finance is a major nightmare for every single SME. These people are loaded with survival problems. The laws and regulations do not support them. So if they do one or two random CSR activities that will be more than enough for them”.

The absence of policies designed to enhance **capacity-building** for SMEs is a recurrent theme that is mentioned by the majority of the participants as being a necessary mechanism for promoting their CSR engagement. For example, one participant criticizes the Government procurement policies, which largely overlook SMEs:

“When the Government just recently started to realize the difficulty that small businesses are facing, and the support they need, and in an attempt to direct its efforts to that sector, it enacted a law that states that 10% of the government purchases should be supplied by small businesses. However this is a very small percentage compared to the size of that sector and their needs”.

This lack of support extends to the **legal system**. Interestingly, the Government itself has been considered a major hindering factor, to the extent that some participants describe it as an “*obstacle in itself*”. For example one SME owner-manager refers to challenges associated with trade and export laws in the following quote:

“We sell Belgian chocolate that we import through Lebanon because according to the League of Arab States treaty, we can import any products from countries in that league without paying customs. In Lebanon, they put the bars in small chocolate cases and put our brand name on it. They have a trade law that allow them to import a product without paying any customs on it if it is sold for the purpose of exporting it. That is to encourage and support manufacturing in their country. But here in Egypt, unfortunately, we don’t have any laws like that, and if you want to import something, you pay ridiculous amount of customs on it”.

These legal barriers have been shown to deter SMEs from operating a sustainable business. One participant explains this point by sharing his negative experience:

“My original vision was different from what I ended up with. I don’t like importing, because I feel that it does not benefit the economy, so at the beginning I wanted to open my own factory and employ people, because a lot of stakeholders would benefit, but the problems we faced at the beginning in terms of lack of information and support in addition to the bureaucratic barriers from paperwork to getting the licence, forced us to give up the idea and the vision. So we decided to import the final product and sell it directly to the customers”.

Other barriers and lack of support cited in the interviews include the **lack of structural mechanisms that build entrepreneur capacity**. One owner-manager of a well-established medium-sized company realized the importance of initiating a knowledge-hub for capacity and skill-building of entrepreneurs. He states:

“I personally was faced with many problems when I started my own business, because you need legalities, finance and so on, and in Egypt this is not an easy process. So another part of the CSR which I introduced once to an American chamber of commerce is to create a centre for new entrepreneurs to help them succeed in starting up, managing and maintaining their business. If someone has a new idea, they take them through the process of starting up the business and give them consultation on the legalities and procedures needed to do that”.

Lack of support for entrepreneurship includes the ***weak support provided to local producers***. A manufacturer of office supplies products clearly refers to this issue as an obstacle, showing how the current self-interested polices favour export products over local domestic goods:

“The Government does not protect local producers. That’s one of the reasons why our FDI (foreign direct investment) is suffering. We have a huge gap between exports and imports. The Government unjustifiably imports lots of products that the market doesn’t need because of self-interested reasons. We should implement policies that encourage domestic production and trading. We had a case where Chinese pens were aggressively invading the Egyptian market, putting our company’s locally produced pens at risk. We raised a case and we were able to dump those Chinese pens. However, it is not always the case that we can do that. For example, Indian imported pens and other products could not be dumped. Importing products while their equivalents are being locally produced instead of protecting the local production and encouraging it to flourish is a serious problem we as SME sector, are facing here. We have huge under-utilized capacities in many industrial and production areas, not just ours. Unfortunately these deals are only on the self-interest of the public official or the authority that gets commission for making the deal”.

Another aspect to consider is the ***entrepreneurial culture***. Participants attested that the law does not give protection to entrepreneurs if their business fails, putting them at risk. One owner-manager expressed this fear by stating:

"The law can kill us if we failed; you can enter the market after tremendous difficulty, and if you failed, your place in jail is reserved!"

An NGO manager enlarges on this point, by demonstrating how many potential entrepreneurs, who could contribute to the prosperity of the economy with their innovative entrepreneurial mind-set, are suppressed by the negative entrepreneurship culture:

"Egyptians are entrepreneurs by nature. Have you heard about the story of a very simple lady called Galia? She was in Tahrir square during the revolution and she spotted an opportunity when people were staying for days in the square. She started to sell porridge. That demonstrates that Egyptians are entrepreneurs by nature regardless of the poor education, regardless of the weak financial support. And if you asked any fresh graduate, he will tell you at least two good ideas for new businesses. But the reason for not going after it is because of his fear from the failure experience, or in other words the "Fame and shame" culture".

The quote above demonstrates how the Government has created a culture that discourages new entrepreneurs from pursuing their ideas. In another section of the same interview, the participant compares the unfavourable entrepreneurship culture with the support received in Western societies:

"Today if an entrepreneur goes bankrupt, his story and pictures will be all over the news in the criminal section. If he received a loan from the social fund, there is a famous ward in the prison that people call "the social fund ward cell". That is the difference between Western culture and ours. The Egyptian Nobel prize winner Ahmed Zewel noticed that in Egypt we create and promote that kind of culture, but in the Western countries, whoever fails, the institution supports him to bounce back".

Another participant asserts the need to change this culture:

"We have an inefficient system. There has to be a mechanism for exit and entry. There has to be the culture of in and out; easy in easy out".

Another related oppressive issue is the **tax system** for SMEs, which affects their profitability. One small-business manager explains the deficiency of the tax system and perceived embezzlement of its proceeds, stating:

“They hassle only the small companies not the big ones. I am an importer; I pay customs for these goods. Why should I repay taxes? The Government has already collected the taxes. I am paying taxes all the time. If you buy vegetables you will pay taxes. Where do these taxes you pay go? Switch on the TV: the new children’s hospital wants donations, the new education city asks for our donations, and the list goes on. Roads need mending and so you having to change your tyres that are really expensive. The medicine I need, I have to pay for it from my own money and I get treatment at the hospital at my own expense because the public ones are useless. The schools, again, I have to pay for private education loads of money to get reasonable education for my children. What do I benefit out of paying taxes? The country is indebted and in bad condition, why? Where do the taxes go then?!”

The above quote strongly highlights the deficiency and corruption in the tax system, and has two main implications on CSR commitment. **Firstly**, the taxes required from SMEs are considered an extra burden, discouraging them from going beyond their legal obligation, as this is the maximum they can offer. **Secondly**, it is perceived as a responsibility that is not reciprocated by any realized benefits. Such a perception, as will be shown in the micro-individual level of analysis, discourages SMEs from even adhering to the minimum legal requirements.

One participant protests that taxes represent an extra burden which discourages SMEs from voluntary social engagement:

“We as small start-up companies need all the support from the Government. We are trying to solve unemployment problem and the Government makes us pay a lot of taxes. Each start-up employs at least two people. There are many problems that we are struggling with: the credits have a big interest, the number of employees must exceed a certain minimum etc.”

Granting of fiscal incentives and similar efforts can facilitate the development of SME CSR practices. These incentives can change SME owners-managers' perception that CSR is a burden, rather than a practice that provides a benefit to the company, as one SME manager emphasizes:

"The Government needs to give real incentives to those who do CSR. Financial incentive, like tax exemption is one example. In the US for example, they give you for every dollar you pay an equal dollar exempt from taxes. The US does not have our economic problems so we should even encourage it more here because this will be the key to businesses' participation. I think it is very important to start lobbying with the Government".

2) Bureaucratic and financial barriers

With regards to the bureaucratic challenges, the Government bureaucracy was repeatedly mentioned as a main issue when it comes to CSR engagement generally, as expressed by one participant:

"Bureaucracy can wipe out the CSR efforts".

That point was explored in the interviews. The example below is a quote from the director of an NGO, reinforcing the debate that bureaucracy can be a hurdle to CSR development in society:

"In the reverse, the ministry of social solidarity is a barrier in itself to CSR. I once got approval of a grant from Japan for 300,000 L.E. A condition for receiving that grant was to get a documented approval within two months from the Ministry of Social Solidarity who I operate (as an NGO) under its authority (which by the way I don't get any services or support from!) I sent the approval for the Japanese grant and proposal of the developmental project I am looking after, along with photos for the poor area and all the detailed information to prove the credibility of the project. It took seven and a half months to get the approval of the ministry. The result was that I lost the grant after all the efforts and competition to get it! And this is the ministry itself that should have been the main supporter to us!"

The above quote illuminates the way in which bureaucracy, as a macro-contextual element, can impede CSR engagement. It also demonstrates the need, from the Government side, to step up its efforts to provide an enabling environment for SME efforts in CSR.

4.2.3 Socio-political influences

The political environment is inseparable from the local community, suggesting the political nature of CSR. The main themes characterizing the socio-political environment influencing SME CSR engagement are: the **corruption** prevailing in society, the lack of **governance** mechanisms that govern relationships, and the **2011 revolution**. Each of these three themes provides a unique lens to understand how the socio-political conditions influence SMEs.

One main finding is a new political agenda that calls for integrated CSR, as described by one participant:

“People are now divided between capitalism and socialism, and they are ignoring the “Third Way” that refers to various political positions which try to reconcile both, as many politicians promote, for example Tony Blair is one of them. The third way encompasses the CSR principles and the new government should consider it as a public policy and strategy to pursue the development goals of the country. It can solve our social problems because it advocates social cohesion, social justice [and] fair income distribution, through capitalizing on personal social responsibility, improving labour rights, investment in human development and protection of the environment; and these are our social problems that we are in a desperate need to resolve”.

This political view is confirmed by another participant who affirms that the social problems of the country are in deep need of a political approach that safeguards the welfare of society:

“In that political chaos, the poverty problems are not yet resolved, and this political instability distracted politicians from developing an economic agenda or

projects that would solve the social inequality that was the main trigger of the revolution”.

However the current self-interested political agenda is the main reason for corruption prevailing in the political environment, and channels the country's resources away from serving the many social purposes.

4.2.3.1 Integrity

The lack of CSR engagement evidenced in the interview responses is attributed to several factors, the most dominant factor being corruption of politicians. This is specifically notable in three domains: **a) dealing with Government officials**, where leaders in public institutions abuse their positions through corrupt practices; **b) business dealings**; and **c) dealings with NGOs and civil society actors**. Corruption has been proven to impede the efforts that aim to develop business integrity, and jeopardizes SMEs' ethically and socially responsible stance and actions. There was a consensus amongst the participants that the main building block of CSR improvement in the Egyptian context is through curtailing corruption. This would restore the elements of social capital that facilitate collaboration towards achieving social prosperity. These conclusions are evidenced in the rest of this section.

The magnitude of corruption extends to **business dealings**, and has become the norm that characterizes relationships between businesses and their stakeholders. With regards to relationships with Government, one participant provides an excellent illustration of corrupt dealings:

“There is a big problem that SMEs face in the Egyptian customs. If the customs is 5000, you have to pay 10,000; half the amount goes towards the official custom fees and the other half goes to the public employee who will process the paperwork required to get your products out smoothly. Otherwise, he can cause you problems to the extent that he can refuse your products after taking a sample from it and claim that it failed the test and they can dump it and you end up losing the whole thing, and further, they put you on their black list. This is how the corrupted system works”.

Probing further into the reasons for entrepreneurs' reluctance to participate in the current CSR initiatives moderated by the Government, the majority of participants attributed this to lack of trust. One SME owner-manager mentioned that his lack of trust has accumulated through the negative experience in dealing with any initiative in which the Government is involved, as illustrated below:

"The Ministry of Communications and Information Technology organized an initiative in partner with a certain consultancy company (ITEDA,) which is concerned with building the capacities of the local IT companies, in order to grow a qualified, sustainable IT talent. The truth is that all these operations are based on corruption. They bring this consultancy company and ask of the SMEs who wanted to participate, ridiculously expensive fees (8,000 Egyptian pounds) and they end up putting most of the money in their pockets. And the session is worth nothing. So whenever I hear about any of these sessions, I never trust them and I never participate".

These kinds of negative experiences escalate the levels of scepticism and scrutiny of society towards the true intentions behind the current social initiatives.

Corruption extends to NGOs and spills into their relationships with SMEs, which are also affected by the political environment as affirmed by one participant who describes the situation as follows:

"Not only that many NGOs are not efficient, there is also a lot of corruption in their operations, they can take the money from the SMEs and use it for their own purposes. There are many scandals that we hear about every day".

The implications of the corrupt political environment on CSR are noteworthy. As noted in the quotes above, corruption engenders lack of trust in relationships, which deters SMEs from reciprocating benefits from the Government in the form of social initiatives. For example, some participants mentioned that they find their own ways to evade taxes because they genuinely

believe that the state services do not extend to them, as highlighted in the previous section:

“Why would someone expect from me to pay taxes, if I pay every month from my own pocket to a private company to collect the garbage in front of my shop?”

The meso-level analysis section touches upon the implications of corruption on relationships and CSR engagement in more detail. The findings reveal that the root of corruption prevailing in the three areas discussed above is the lack of CG system, as outlined in the next section.

4.2.3.2 Governance

The section above suggests that the reasons behind the exacerbated poverty and wealth disparity are not only economic, but also social and socio-political. As one NGO manager reveals, the corruption and political discrimination against the poor, and the protection and concealment of elite corruption are other reasons for wealth disparity:

“The problem is there is indeed discrimination on the basis of social class; the law is protecting the big thieves because they are the rich [and] have power, and [it] is only enforced on the small thieves because they are the poor and weak, that increases the class conflict. That’s why you can always see that there is class hatred and that reflects on people’s behaviour that became very aggressive and hostile and justify their unethical practices”.

As noted in the quote, corruption provokes and escalates inequalities in society, which lends importance to the enforcement of governance mechanisms. One developmental organization manager affirms this point by stating:

“CSR should be communicated as a part of CG”.

The three areas of governance which participants unanimously advocated as lacking are: **a) Corporate governance; b) Partnership governance; c) Governmental governance.**

With regards to the first area, **corporate governance**, participants who follow CG principles highlight its benefits as a framework for their CSR application. The principles and procedures of CG have proved to be a sustainable framework which progresses towards increased control over business activities:

“CG principles helped us to set a framework of responsibility and control within the company, in addition to value-based management in accordance with binding legal rules and company policies and systems. This enhanced the confidence of our stakeholders in addition to supporting our company’s position in the capital market. These include disclosure policies that ensure the dissemination of key information about our company and its compliance with the laws as shown in our website”.

Many participants witnessed the advances in implementing CG that reflect the growing awareness in society of the concept. One manager of a medium-sized company who is responsible for the CG integration in his firm valued the benefits the company gained from CG initiatives. He explains these benefits as follows:

“The EIOD covers all types of companies in Egypt. Each workshop or training session they give is tailored to the type of company, to the extent that they tailored a diploma on CG according to the kind of company, i.e. listed, non-listed, family-owned and state-owned enterprises (SOEs). It aims at spreading awareness, knowledge, and best practices of CG in MENA region. They offer a variety of services related to CG for the business community, including awareness conferences and seminars, training courses and consultancy in CG. They serve all kinds of companies, big, small SMEs, and they even offer training courses during the year for the SMEs more than for the multinational and big companies. SMEs receive the invitations but they see no benefit or interest to attend. Take care that some companies are resistant and have no will to apply or to change. They say, what’s going to change?”

The above view points to the need to educate SMEs on the benefits of the company buying into CSR and CG. The participant implies that lack of

awareness of the benefits and methods of CG may be the reason for SME reluctance to become involved in such initiatives. This issue is discussed in more detail in the micro-level of analysis. The role of the Government and international and local institutions is crucial in disseminating awareness of the concept and its application:

“There was a huge shock when we attended a conference that introduced the CG concept to the business community. We discovered that there are companies without websites and others make their website for promotion only. We became aware of the importance of transparency; that shareholders of the company have the right to know information rather than products, they need to know who the board members are, their qualifications, what packages they give to the customers, where are the financial statements, whether separate or consolidated if there are subsidiaries, their annual report etc. There are companies that no one can know anything about their annual reports or their projects and their 5 years or even 1 year future plan!”

In another section of the same interview, the participant explains the aspects of awareness they gained, and highlights the importance of disseminating the same kind of awareness to the business community, in order to increase transparency and trust in relationships:

“Other things we discovered to be important for the stakeholders to know are: the applications of CG, are there any policies in the company for that, the number of board meetings, topics discussed, agendas of board, corporate calendar of the company, events and their dates, price per share, does the price go up or down? What is the shareholder structure, who are the shareholders and are they changeable? There are people who take over stocks, all this info is important for investors. General Assembly, when is it? What are the topics and where is the invitation? How would it reach stakeholders? Where are the minutes of meeting? Who is the external auditor and how long has he been with them? Is he independent or not? In short, you can never find all this information disclosed by the majority of SMEs in Egypt. There is no transparency, but we applied all of that after we became aware of it”.

A second important issue raised in the interviews is **partnership governance**. Governance mechanisms engender a culture of trust that motivates SMEs to ally with or participate in CSR practices. Success of some of the initiatives mentioned is attributed to collaboration, which nurtures credibility and trust in the initiative, attracting businesses to participate, as one participant further elaborates:

“EIOD collaborates with many leading international organizations such as: United Nations Development Programme (UNDP), World Bank Institute (WBI), International Finance Corporation (IFC), Organization for Economic Cooperation & Development (OECD), European Union (EU), Centre for International Private Enterprise (CIPE) and other local authorities and that attracted us to explore their activities”.

On the contrary, lack of governance mechanisms to promote transparency among NGOs and partnerships creates cynicism in relationships and fosters corruption. One participant describes this issue in the following quote:

“There are many charities out there, but you don’t know what they are actually doing with the money they receive. For example, one time there was a project about “promoting democracy”! No one knew what that means and what can the money be practically put into!”

Another manager of a developmental organization elaborates on how lack of governance structure in partnerships can encourage non-transparency, fostering an unethical environment:

“The main issue when it comes to NGOs is governance. Other than few big players, most of the NGO’s that are working in Egypt have very poor governance structures; you will find that they don’t have disclosure tools, even the very basic financial tools are not even there. If they receive £1 million of donations, you’ve no idea at the end of the year how they were spent, how much of the £1 million was spent on actual projects, and how much were spent on overheads. We have a lot of corruption when it comes to NGO’s in Egypt. So that’s definitely a very

big hindering factor when it comes to partnering with NGOs”.

This point was confirmed by a manager of one of the reputable NGOs referred to in the previous quote, who cites credibility and transparency emanating from disclosure of information as the key pillars for building trust in the NGO’s operations. This encourages companies to partner with them:

“The credibility of our association stems from our transparency and disclosure of information regarding our projects. Because according to the saying “seeing is not like listening”. So we show people what we are doing and engage them in what they are participating in, to see rather than only listen from us about the impact of their donations”.

It has been noted that credibility and transparency facilitates engagement in CSR initiatives, fostering trusting relationships through a check and balance system. One NGO manager stresses the importance of an internal system of checks and balances, and explains the mechanisms his own association has adopted to ensure the credibility of its operations:

“The only way to encourage small business to get involved in our projects is by “Credibility”. This is the cut-off point; we work with the motto of follow up. For example, with regards to the loans we offer, our employee takes the info of these people who need loans and makes sure the info the person provided is correct. Then another employee checks that the agent has done his job correctly. This system ensures that the beneficiary gets his needs and that the donor feels confident having put his money in the correct place. We have a full profile for the cases in our database available to the public”.

With regards to the third area, **governmental governance**, effective and transparent governance systems should apply to Government organizations as well. Many interviewees acknowledged the importance of developing an effective national societal governance system to curtail corruption. As highlighted in the previous section, the lack of accountability systems, transparency in the process of decision-making among public officials, over-payments made by private sector companies to the Government, and the

revenue collected by the Government (taxes, etc.), have led to a lack of trust that encourages unethical behaviour. Tax avoidance is an example, as elaborated by one participant:

“Governance is built on the transparency. But no, there is no transparency; the foreign funds that the Government gets for social development projects, nobody knows where it goes, the taxes that you pay; you don’t feel the implementation of it. You don’t get what you are paying for; a good healthcare, clean streets, good education. That made people not want to give anything to the society and so CSR concept is not appealing to anybody. Unlike in the Western countries, if you do not pay the taxes, it is a big shame on you, you are considered a criminal in the society and you can go to jail, no one can skip taxes, but here, this is the norm and everyone is accepting and justifying it. All these things destroyed the CSR as a concept”.

Regardless of the deficient governance system outlined in the three areas above, the Uprising brought with it a growing awareness towards CSR and GC issues, as explained in the next section. One participant refers to the growing awareness concerning governance as an opportunity to push SMEs to adopt a governance structure and to change the culture implied in the previous quote:

“There are important areas that we need to work on to change the mind-set; fighting corruption through disclosure and transparency, and we need to work with Government which has the biggest role in fighting corruption. There is growing attention to disclosure as people have become more vocal, to the extent that there is a portal for disclosure surveillance. Also the Government has more internal controls now. There must be meetings, progress reports, and progress for the staff; and so on in the private as well as the public sector. This is part of the CG. The private sector wants and need that”.

A negative social impact of weak governance mechanisms is that they do not enhance confidence in CSR projects. That result in a mis-allocation of societal resources. In other words, it does not ensure that charitable contributions go to the right areas to have real impact in society. One participant warns of the danger of this:

“Many people have good intentions but they give the money to any NGO or charitable association and don’t make sure what the people actually do with that money”.

4.2.3.3 Revolution

Another socio-political factor that cannot be ignored in the CSR analysis is the 2011 Revolution. It has been revealed to be one of the most significant junctures in the growth of CSR in the Egyptian context. CSR principles have been viewed as a legitimate alternate philosophy for addressing Government failures and amending social disparities.

As indicated in the sections above, during the past regime, the political will to curtail corruption appeared to be lacking. This was evidenced in the absence of a comprehensive national strategy to fight corruption, and the few efforts made to raise awareness of the governance principles. The Government used to operate in segregation, discouraging dialogue between social actors, and failing to recognize the legitimacy of the various segments of society. Such a historical political climate failed to nurture trust and cooperation between actors, as stated by many participants. The political environment weakened the power of the workforce, violating workers’ and human rights, and discouraging political involvement. The legal framework supported such an environment, as the following quote exemplifies:

“We kept paralyzed for 30 years; no employee was able to express his right. If anyone dares to, the “state of emergency law” puts him in jail without even giving him the right to defend himself”.

In order to maintain its stability, the old regime monopolized a large repertoire of instruments to concentrate power in the hands of certain actors, major businessmen holding central governmental positions. Such an environment discouraged people from political participation and disconnected society from the political system, spurring on corruption. As a result, inner circles of chosen stakeholders related to the ruling elite benefited from the Government’s economic and social policies. An interesting theme, consistently repeated in the interviews, is that these social problems, along with the increased

awareness of CSR principles, helped to trigger the Revolution in 2011. Poverty, inflation, unemployment, violation of labour rights, unequal opportunities and corruption have all been referred to as the social elements that prompted the Revolution. The following quotes from the interviews demonstrate this assertion:

“What led to the revolution is that people interests were ignored for a long time. This will not be the case anymore, because we, as companies and the community learned to not accept from either side any violations in our rights”.

The Revolution brought with it a different social spirit. This spirit was evident in the few years prior to the uprising, when society witnessed the evolution of a new set of social norms and aspirations, which shaped a new micro-individual and meso-relational orientation in society towards social and environmental concerns.

“Before the revolution, employees started to have a voice and call for their rights for higher salaries and they started the strikes that triggered the uprising”.

The increasing awareness of CSR issues was noted by a number of participants who witnessed the growth of companies’ efforts and local ventures to embrace developmental and social challenges. To quote:

“People are becoming more aware than before. We have been in a coma for 30 years. People now are really trying to put the ethical commitment into action, like in these growing CSR initiatives that we hear about nowadays”.

Throughout the interviews, examples of different initiatives demonstrated the growing awareness of CSR principles. These can be divided into four categories: multinationals, private companies, international organizations and governmental initiatives.

The first indicator is the emergence of CSR umbrellas, the most prominent of which is the ECSRC, which is the main advocate of the UN Global Compact. Its

membership consists of over 60 members, being mainly large and medium-sized companies. Other developments include the increasing efforts of foreign countries' chambers of commerce, such as the American Chamber of Commerce and the GACIC. These bodies form a CSR committee that provides a platform for firms from both countries to exchange ideas and information for CSR projects and initiatives. This is in addition to the range of companies providing CSR consultancy services (CSR policy and strategy, CSR and sustainability reporting, audits and benchmarking, governance) that have also emerged. CSR has been the subject of growing attention in the investment community, which acts as another driver for firms to act, and be seen to act more responsibly. Some examples of these prominent initiatives are mentioned by a manager of an international developmental organization who reports:

"There are many groups making portals to look at corporate volunteerism with matchmaking. They are from the private sector. The Arab African International Bank (AAIB) established in 2007 "we owe it to EGYPT" as an independent foundation to achieve sustainable development in health and education through gathering concerted efforts of institutions, individuals and private and public sectors. There is another one about anti-corruption led by EGB (Egyptian Gulf Bank) funded by Siemens. Their activities include sensitization seminars and training".

In spite of these promising efforts, a number of conclusions can be drawn. **First**, most of these initiatives have been embraced by large companies and multinationals which have the capacity to do so, to the extent that some large companies have opened their own foundations to fulfil their social role as part of their CSR policy. **Second**, most of these efforts are individual ones, due to the weak collaborative environment, as analysed in detail in the meso-level findings. **Third**, many of these efforts are philanthropic in nature, and unrelated to core business activities. However under this theme, the aim is to highlight the growing interest and concern regarding CSR matters and the potential of furthering the engagement fostered by the revolutionary spirit. **Finally**, although the Revolution indicated a shift in people's awareness towards CSR, it also signified that a culture that fosters CSR can be a major impediment which needs collaborative efforts in order to achieve the

revolutionary goal, as explained in the following section in detail. A manager of a developmental organization explains this point:

“The revolution triggered many initiatives, everyone felt that this is the time to get together, and they were so excited, and wanted to give back by training, by money, by anything he can. But most of these efforts are short-term. You can tell that still people cannot change their lifestyles overnight; they do not have the full awareness of what is going on. Despite the success of the revolution people didn’t really change, many people they are going with the flow without really understanding what is going on. There is still a long way to go”.

The above quote invites us to explore further the specific elements moulding the culture of Egyptian society which vastly impact on CSR manifestation. The above macro-contextual factor has a significant influence on shaping a culture that is non-supporting of CSR. The next section is dedicated to the discussion of this issue.

4.2.4 National cultural influences

SME owner-managers’ CSR actions are steered by the underlying cultural values and norms of Egyptian society. These values are mixed, and include ***collectivist and social solidarity, and religious norms*** on the one hand and ***individualism, power distance and short-term orientation*** on the other. These values and their influence on CSR are explained in the subsequent section.

4.2.4.1 Collectivism/Social Solidarity

Hofstede and Bond (1984) describes this value dimension as the extent to which identity derives from the self versus the collective. Collective cultures emphasize solidarity; individuals rely on their identification or membership of groups, community or religion for status and identity. This co-dependence places expectations on individuals to act in the best interests of the group, who implicitly decide what is right and what is wrong, emphasizing group rather than self-interested conduct. The Egyptian culture has always,

throughout history, been a collectivist culture, which is what motivates people in general, and SMEs in particular, to socially engage. One participant explains how members of society who uphold this value perceive their role:

“In Egypt people always think about what if they are the ones in need. Maybe tomorrow I will be the one who needs the help. This is why people always engage in giving. You can see this in Ramadan banquets. So maybe next year you will not be able to have this kind of money to give. This is what I think that Egyptians have as a strong cultural value, that they put themselves in the shoes of the ones in need, and this is why they engage”.

The analysis reveals the strong influence of these prevailing social values in the social orientation and approaches of the community and workplace as well, as the following quote from one of the interviewees explains:

“We have very strong values rooted from many, many, years. It is a blend of the traditional Arabic manners, the Islamic manners and the Coptic manners that taught us the good social practices that the society shares. When a car has a problem on the highway, in five minutes you will find many people gather to help. Look at the people who are injured in an accident and how people race to transfer him to the hospital, and to even donate blood to him if needed. Look at the many humane practices in the workplace, when someone has a problem and all his colleagues race to help him by any means they can. Where is that coming from? It is coming from our cultural values that have been inherited for thousands of years”.

Collectivism denotes members of a society or a group working together towards the achievement of collective aims. The Revolution has been a major manifestation of the values within Egyptian society, which influence the members of society’s CSR engagement, as one participant declares:

“CSR is about collaboration and the revolution proved that it can be only achieved through that. And that is what we have”.

According to these cultural values, members of society believe that they have obligations to the greater collective which outweigh their personal concerns, as is proved in the quote above.

It is worth mentioning that conforming to societal expectations is a major cultural element influencing SME owner-managers' attitudes towards CSR. This brings us to an important aspect which shapes Egyptian culture and has an unquestionable impact on societal expectations, and, in turn orientation towards CSR.

4.2.4.2 Religious norms

In the Egyptian context, as in the other Middle Eastern countries, it has been shown that culture and religion are closely intertwined. As stated by one SME owner-manager:

"There is a fine line between the culture and the religion in our society".

Religion is shown in the analysis to be a key cultural factor that shapes the attitudes and manifestations of CSR practices among the interviewees, as one NGO manager declares:

"There is no institutional support to CSR. The only real effect is from our culture and religion. Whether from Islam or Christianity, it is in the culture. Egyptians are religious by nature. Throughout history, Egyptians have always been religious; the ancient Egyptians built temples for worshipping and practising their religion. Egyptians are not phonic, but they are religious. Whether Muslims or Christians, they always love to make good, the humane side is always there so the social relations or culture we can name is what motivates Egyptians to give regardless [of] the hardships".

This view suggests that religious principles play an essential role in shaping SME owner-managers' perceptions, motivations and decisions concerning CSR, as explained in the micro-individual level of the analysis section.

Acknowledging that religion is a main driver for engagement, charitable organizations and NGOs approach businesses from the perspective of asking community members to give back to society as part of their personal religious practice, and not as part of their business responsibility toward society. One manager of a charitable association states:

“I guess we have something in our culture that we are very willing to spend money when you talk about religion. If you say you will spend it to please God, you will spend it”.

The influence of religion as part of the cultural dimension is revisited in the meso and micro levels of analysis later in this chapter.

4.2.4.3 Individualism

Regardless of the above-mentioned inherited values that facilitate cooperation towards the social good, a dramatic shift in society’s value system has resulted in a considerable decrease in the stocks of social capital that facilitate cooperation. Egyptian culture displays many signs of individualism, according to Hofstede and Bond (1984) typology of cultural value dimensions. Such individuality, one may argue, curtails business engagement in the advancement of social welfare, and shifts the focus to *“one’s own business”* rather than to the prosperity of the community, as revealed in the analysis. The analysis in the economic influence section establishes that the majority of interviewees focus on the bottom line.

On the whole, the interview discussions attributed such behavioural and value shifts to the macro context, which contributes to shaping survival behaviour. Economic barriers have produced a society that witnesses some aspects of individualism, as described in the next section. One participant explains this, noting:

“If you mention the volunteering culture to anyone, some will make fun of you! Others would say, let's focus on satisfying the basics first, the bottom line and then look at these other things”.

In addition to the economic influences mentioned above, socio-political influences have led to the development of another cultural value featured in Egyptian society, which is a “*power distant*” society. Political dictatorship, as characterized by the old regime, questioned any collective action, even if for legitimate reasons, and portrayed it as a threat to national security. Consequently, the culture shaped family values which advocated individual dealings with the community. Such a situation does not cultivate the motivation for unity and collective action to improve the social well-being of society, as one participant notes:

“Everyone is running behind his own benefit not looking at any benefit for his fellow citizens”.

This view portrays an individualistic society, emphasizing individual, rather than collective action.

4.2.4.4 Power distance society

The socio-political agenda created a society characterized by a high power distance culture, in order to serve and protect its self-interested social agenda. The hierarchy led to the control of power by the top authorities, and to the formation of many layers in between the top and bottom authorities. This, in turn, led to the isolation between businesses, civil society and the authorities, and explains why Egyptian society put up with the social disparities and injustices of the last few decades. The analysis reveals not only this, but also that the isolated environment can even develop a new set of unethical norms that brings about socially irresponsible practices, as cited in the previous sections (bribery, nepotism, tax avoidance, cheating, etc.), as individuals recognize the low propensity for punishment of these irresponsible behaviours. This cultural value, or, more correctly, this shift in cultural value, is nicely described in the quote of one participant:

“The Egyptian society has a very rich and long civilization. People used to be cooperative, loving and caring. There was no difference between Muslims and Christians, rich and poor, we all used to work together. We lost the trust in each other that makes people no longer eager to cooperate. This is a result

of the Government that purposely created this environment to protect the old corrupted regime; favouritism in hiring people became the norm, those who are loyal to the regime are the ones that can hold the top positions in the institutions to have the power to make control”.

As noted in the previous section, public policy at the macro level plays an important role in fostering a culture that influences CSR engagement. Its role has shown to be either an enabler, or a constraint to company engagement. On the one hand, current public policy does not support or encourage a pro-CSR culture. It enables the development of negative cultural values and norms towards the various aspects of CSR. On the other hand, it could act as a driver for SMEs to further embed CSR in their community relations. One participant suggests that this could be done through facilitating employee volunteering schemes, which prevail in other cultures supporting CSR:

“Regarding the obstacles for CSR engagement in SMEs, the state has no public policy for CSR or a national strategy that promotes the CSR culture. This culture is the thing that will bring the volunteers, especially from those people who have nothing material to offer. For example a policy that encourages employee volunteering like that in South Africa. Employees can devote one hour per week for community work. This culture should be pursued by the state. It should pursue a strategy of CSR that entails disseminating the meaning and definition of the concept and states that every citizen should have a role in it. That way we can distribute the problems between the different parties, that kind of culture will be the solution to our social problems”.

Such a change in mindset can be made in a democratic society whose political will involves the effort to build a high level of awareness at the micro cognitive level. CSR culture needs to be educated and integrated into all aspects of life, as one participant declares:

“CSR should be in education and in everything. It should be a part of the strategy of the Government that is integrated in entrepreneurship, education and all other aspects”.

Another SME manager agrees on the importance of raising awareness, and explains how CSR values can be part of the culture and shared language of society:

“It is all about the culture, you introduce the idea of CSR, people start to be convinced with it and realize the importance and benefits of it and this is how they adopt it and teach it to the next generation and finally it becomes part of the culture”.

The above few quotes emphasise the vital role of government, discussed in the previous sections, in raising awareness and directing cultural norms towards CSR.

4.2.4.5 Short-term vs long-term orientation

Society is showing signs of a short-term approach to problem solving in a quest for quick fixes, the most prominent being economic problems. This cultural dimension lies in Hofstede and Bond (1984), Bond (1988) and Hofstede *et al.* (1991) scope of definition, which they denoted to the short-term oriented culture.

As explained above, economic conditions shape the cultural values of society; a short-term orientation and the pursuit of immediate economic returns is the goal of the business owner and his/her stakeholders. Such orientation discourages SME owner-managers from offering services to community members, who do not appreciate the long-term value of these CSR initiatives. Moreover CSR aims to meet stakeholders' expectations. One participant explains this barrier, stating:

“The problem is that the graduates themselves are not encouraged in these internships because they are not paid. Although this training will qualify them and raise their skills in the long-term, the majority of the new graduates do not have this long-term vision. They are looking for immediate financial return; otherwise, they prefer to spend the summer holidays in front of the T.V!”

Another manager reflected on the same problem by emphasising that lack of training is a result of the cultural short-term orientation of employers, who do not value the importance of investing in human development activities that could solve both the unemployment problems and educational problems.

“Even in big companies you cannot find the proper training. This is due to the wrong culture. The person who considers training is one that has a target of growing in this company. When he goes to a place that just doesn’t care he becomes frustrated, so the business owner starts to think it is a headache so he abandons the training. The company must be aware how to treat a team of trainees, they have to put them in the real life situations. The trainee has his dreams that are over the clouds, so he faces reality and becomes frustrated. In fact, if this mentality changes, unemployment could be solved, education could become better”.

Other interviewees shared the same position, explaining that the cultural values shaping society’s behaviour can have rather surprising results:

“We do not have unemployment as everyone keeps saying; it is the people that don’t want to work. That stems from the cultural values, the wrong upbringing who produced a dependent generation, that used to take their pocket money from their parents and when they go to the job market they found out that the salaries are so low, they prefer not to work and keep taking their pocket money from their parents”.

The quotes above prove that values are influenced by the broader macro setting, economic conditions, social inequality and weak education infrastructure. The prevailing negative values counter the religious beliefs and principles that endorse social solidarity, elucidating the paradox noted in the findings. A society that is deeply religious, and at the same time behaves in a socially irresponsible manner, contradicts the teachings of the religion that support CSR principles.

Some participants pointed to the need to change these approaches, which fail to have any real impact on human development, and to develop a culture that

promotes productivity, and encourages rewards on the basis of performance and perceived merits:

"We need to understand the importance of work; we need to make professional people. We need to improve the skills of the labour force, and promote the culture of productivity. Even our religion emphasises these values, when the Messenger (peace be upon him) said: "God loves that if one does a job he perfects it". But what is prevailing now is the culture of short cuts or cut corners. 1400 years ago the Quran was talking about professionalism in the work, which in these days' words is referred to as the "quality control". Luckily, this is a part of our religion, we should emphasize on the quality and profession".

4.3 Meso-level findings

The above section furnished the context in which SMEs operate, and the challenges they encounter which obscure their social engagement. The meso-organization level of analysis is concerned with SME owner-managers' social engagement with their immediate stakeholders, as influenced by the **relational** mechanisms in terms of trust, loyalty, respect, identification and cooperation, and by the **structure** in which these relationships are embedded. Questions on this level attempted to probe into how CSR is put into practice, and mediated by social capital elements and resources. The scope of CSR activities and the way they influence and are influenced by relationships at the organizational level is therefore the main focus of analysis here.

Revisiting the social capital theory outlined in Chapter 2, social capital encompasses **relational** assets such as trust, loyalty, norms, reciprocity, mutual obligations and identification that enable cooperation for mutual benefit. It thereby includes both the network and the resources that can be mobilized through it. Social capital therefore resides in the **structure** of relationships that can make the resources available as a function of the social actor's location in the structure of their social relations (Adler and Kwon, 2002). These two aspects, relational and structural, and their links to SME CSR form the scope of the discussion in this section.

The main findings from the interviews reveal that relationships between SMEs and their stakeholders are built on social capital. There is a sense in which SMEs seem to think of themselves as very much embedded in their local community. This is attributed to their need to face a non-functioning governmental apparatus, whereby society gets together to overcome the challenges they face. SMEs consider themselves responsible for the well-being of their stakeholders. Participants outlined a variety of activities that, according to most definitions, would qualify as business social responsibilities. It is not surprising to note that the majority of the activities described are philanthropic in nature, aiming to plug governmental gaps with very few espoused examples of activities contingent upon SMEs' core activities. These ranged from supporting employees and their families, to infrastructure, education and charitable giving. Yet interestingly, a number of SMEs are practising CSR based on the direction and focus of their core activities, and proved to create value in society. Social capital ingredients can indeed enable CSR outcomes that contribute to the development of society.

The following sections discuss how SME owner-managers invest in social capital elements in order to overcome deficiency at the macro level. The analysis explains how SMEs strive to build enduring and mutually beneficial relationships with the relevant stakeholders as their only alternative for continuous growth and survival. These relationships develop social capital, and, in so doing, contribute to both the common good and a sustainable business. However some aspects of the relational and structural challenges triggered by the macro-contextual environment counteract their inherited sense of responsibility. The next sections delineate these paradoxes and the dyadic relation between CSR and social capital elements.

4.3.1 Relational social capital

4.3.1.1 Trust

SMEs in Egypt are embedded in webs of social relationships. Social capital, most significantly in the form of interpersonal trust, enables economic activities where formal substitutes are unavailable. Because they are keen to ensure their business long-term viability, through personal interactions, SMEs

build trust in their surrounding communities. This point is illustrated by the owner-manager of a family business:

“This kind of personal relationship makes a difference, when those clients change jobs and go to another company; they refer me to their new partners. In our business environment, one doesn’t need to personally know someone to do business with him, it is all word of mouth, and this is how we expanded our business”.

To strengthen their personal ties with stakeholders, SMEs are motivated to engage in CSR activities. They perceive those ties as a potential benefit to further the embeddedness of the company by positioning it as a trustworthy, socially responsible entity in society. One SME owner-manager demonstrates how such a social approach provides economic benefits:

“From a business point of view, we benefit because our CSR activities promote our reputation as active citizens in the community. They are a marketing tool for the company through word of mouth, which of course, is perceived in our society as being more credible than any conventional marketing tool”.

Social capital elements can enable or foreclose the development of mutually trustworthy relationships. Another SME owner-manager confirms this view:

“We have a lot of resources, Egyptians are very smart and hardworking but if we restore trust in the society, we will be one of the best countries in the world”.

As implied in the quote above, lack of trust between SME owners and their stakeholders can hamper the ability of a business to grow and develop, by placing the burden of work on the business owner. One entrepreneur confirms this point:

“In most small companies the business owner works personally and this has a disadvantage on the quality of work because he has no time to do everything. There is a problem in trust and this is a very big problem, the manager is doing everything by himself”.

and after a while things will not be moving smoothly. We need to trust our people, we need to delegate them responsibilities to be able to develop and grow the business and we need them to trust that we will counter these efforts”.

However, the macro-contextual conditions obstruct the nurturing of these kinds of relationships. This assertion brings us to what other participants observed, relating these condemnations to the macro-contextual influence. The most prominent influence derives from corruption. The prevalence of corruption in society has increased deterioration of the business ethic, and become a main feature characterizing the business environment. Bribery, favouritism and cheating are the main lubricants of business dealings, although Islam and Christianity (the two main religions in the Egyptian context) condemn such practices. The following quote demonstrates this conclusion:

“If I have to get out my chocolate for the Customs, I have to prepare double the tariff that is officially required. Half is for the formal tariff fees and an equal amount for the person who signs the papers, otherwise, they can keep the products in the Customs until it ruins”.

The above point is echoed in the quotes of the majority of participants, who revealed that in Egypt, lack of trust and confidence in the formal institutions reflects the erosion in the level of social capital at the national level. Public trust has been extensively weakened by the string of corruption, deterioration in the standard of living, high levels of unemployment, lack of public services, weak education and healthcare infrastructures and the widening inequality that leads to absolute poverty. In short, by failing to deliver what its role promises and dictates, the Government has lost the trust of society. This has resulted in the reluctance of many businesses to engage in CSR-related activities that grew with the social movements in the country.

Participants pointed out that, due to the high levels of **corruption** within the Government, companies share a lack of trust towards it. One NGO manager expresses his position towards the Government thus:

“When everyone realized that the role of Government does not exist, the talking about CSR started to attract attention, and the new trend of the CG concept started to appear, and so the transparency and all the related concepts to it, and CSR was among them. But it is still not understood or digested, because the trust between people and the Government is not there”.

Another entrepreneur went so far as describing the Government as “a dangerous competitor”, as he explains in the following quote:

“When you do a business model and classify the competition, in Egypt you classify the Government among the most dangerous competitors; like competitors, they can bankrupt you; the government officials in the tax, health and safety department, can easily put you out of business with one form that they refuse to sign. The public officials became more mischievous to the business in all aspects; from the restrictions they impose, to the unrealistic taxes they require, and most importantly to the corruption, corruption, corruption”.

The corrupt environment is intensified by the tough **economic** conditions, which lead to deterioration of the values and norms of society. This, in turn, results in lack of trust in relationships, as observed by an SME manager:

“Our ethical values deteriorated, the principles and morals of people deteriorated; stealing from your employer, cheating your customers, asking for a bribery from a businessmen is the norm nowadays, and is legitimate because the assumption is that they poor and we are rich. There is no trust anymore, and you have to keep your eyes open all the time”.

Participants reinforced this observation by expressing their frustration over the unhealthy relation that wealth disparity has on their employees who use this to justify their unethical behaviours. One SME owner-manager draws the following conclusion:

“We find many employees misusing the insurance, where they are not sick but they get medicine prescribed from the doctor who is also involved with

them. If they don't find a doctor, they get the medicine from the pharmacy with no prescription where the pharmacist can get involved as well, and they go and sell this medicine by cheaper price to anyone who needs it. Corruption is everywhere. Some employees justify that by saying that we need the money and the Government is not fair, and these big corporations like the insurance companies are making a lot of money anyways, so we will get the money our own way".

The negative influences of the poor **economic** conditions on relations of trust extend to customers as well, who may react in an unethical way in response to these conditions. One SME owner-manager complains:

"Recently, the Government issued a new law for customers called "customer protection law", but customers misuse it. According to this law, within 14 days the customer can return the product without specifying the reason for return as long as the product is in the same condition. This created two problems, one from the end-users and one for the traders. Sometimes for example the customer returns the product in the package and you open the package and discover that it has a different product! They cheat. They keep doing that and abuse their right. Some people buy a product for a week, and rent it and make money out of it and return it back!"

Participants genuinely believed that CSR instruments can be an effective way out of this corrupt environment. Stemming from this is the need for higher levels of governance mechanisms for businesses and Government practices to ensure the reliability of information (i.e. disclosure and reporting). The lack of such tools provokes cynicism about the true intention of the current CSR initiatives, discouraging SME participation. Speaking of his engagement with the local community, one SME owner-manager admits:

"I do not consider communicating my CSR activities to the public. The Egyptian culture still doesn't accept that. There are many scandals when it comes to community contributions where a lot of businessmen announce their social and charitable activities and they turn out to be corrupted. They take advantage of these activities to mask the unethical activities they are hiding. Or even worse, these activities turn out to

be fake in the first place. Absence of governance and mechanism that ensures the credibility in these activities is what creates the problem”.

This non-trustworthy environment influences the reciprocal exchanges of benefits that enhance the social good, as explained in the next social capital element.

4.3.1.2 Reciprocal exchanges of benefit

As observed above, through nurturing of long-term, trustworthy relationships within their business and social environments, SME owner-managers in Egypt rely on informal ways to enter into social exchanges and sustain their businesses, as a substitute for the deficient institutional support.

One entrepreneur describes the nature of these reciprocal relationships in the IT sector where she operates, which results in value creation:

“We are a community that knows each other online. It is informal network but it works great for us. We consult each other and share good experience and knowledge together, but we still need an umbrella to be more effective”.

The quote above reveals that SMEs are embedded strongly in their communities. One SME owner-manager describes his reciprocal relationship with the community in this vein:

“My company exists in the society, the society helps in generating my revenue and helps to expand my company, and in return I have to give back to it as much as I can”.

The above view explains the reciprocal relationship that exists between SMEs and the community. CSR is the mechanism through which SMEs can further their embeddedness in the community. Marketing and fostering reputation through word of mouth are among the benefits mentioned that help them to sustain their business. This is illustrated by the following two quotes, the first

from an owner-manager of a consulting company, and the second from an owner-manager of a furniture manufacturing company:

“CSR is good for the company because that means we can get repeat business”.

“We are a family business so we are very close to the community, the company started serving close friends and family and from here we started to grow”.

It is noteworthy, therefore, that such personalized relationships reciprocate with many benefits to both parties. This has been observed in the workplace, in addition to the community relations. It identifies employees with their workplace, and brings many reciprocal benefits to the business. One entrepreneur points out:

“If you [take] care of them they will give you a lot of benefits. If the employee is happy he will give a good customer service”.

However, the macro-contextual challenges may hinder the establishing of long-standing relationships that motivate SME owner-managers to practise CSR with their stakeholders. For example, one SME owner-manager referred to the deficient educational system as a reason for the incompetent and unskilled labour force it makes available to the market, and explains how it discourages CSR activities directed towards employee development activities:

“The three major functions of HR are recruitment, development and retention. The problem is that in Egypt all of these are malfunctioning even in the Government. The recruitment is all by favouritism, the development of the employees, nobody cares about it and finally the retention. We have a very high turnover rate and when someone invests in his people, they simply leave. At the end of the day we need to make profits, when these investments on the employees incur cost and give nothing in return that makes it non- profitable”.

Another SME owner-manager elaborates on this point by explaining how these negative relationships discourage reciprocity in the workplace:

“Employees nowadays don’t deserve any efforts or money spent to develop them. They make me unable to act positively towards them. When I do anything for them I don’t do it wholeheartedly. If I increased for example their salary, they still want more; but I still do this for the sake of God, not because they deserve so. It is a matter of hate, malice. They don’t appreciate what we go through to keep the business going. I feel there is no hope in what I am doing for them”.

The macro-contextual environment has a major influence on reciprocal relations with the Government as well. The implications of the corrupt political environment on CSR are noteworthy in this respect. Corruption engenders lack of trust in relationships that deters SMEs from reciprocating benefits from the Government in the form of social initiatives. This concurs with Coleman (1988), who notes that individual obligations to reciprocate benefits operate as a "credit voucher", held by one actor to be redeemed by the performance of another actor. SME participants do not perceive any outstanding credits from benefits that need to be redeemed.

Some SME owners confessed that they found their own ways to avoid paying taxes, because they believe that the state services do not extend to them:

“Why would someone expect from me to pay taxes, if I pay every month from my own pocket to a private company to collect the garbage in front of my shop?”

This makes clear how the corrupt environment discourages SMEs from engaging in the minimum legal compliance in society and within the workplace. It also brings us to the next social element that has a profound influence on relationships, notably the work environment.

4.3.1.3 Loyalty, respect and friendship

Due to lack of support and resources, as explained in Section 4.2.2.3, human resources are described in the interviews as an essential asset to SMEs. SMEs enjoy a very unique relationship with their stakeholders, especially employees, compared to big corporates, deeming the nurturing of healthy relationships a

key to the success and continuity of the firm. CSR practices are a mechanism to restore social capital, which faded as a result of the macro-contextual challenges suffered by society. An SME owner-manager speaks in favour of these personalized relationships, noting:

“In big organizations, there is a system and rules and you have expectations for everything, but small companies are a bit different. The decision is personal; there is personal interaction. It is easier to relate to your employees, unlike in large companies [where] you cannot get the time for these personal relations”.

Maintaining close and strong ties with employees can help a business to sustain its position in the market. One entrepreneur relates his success and superior performance to his embracement of strategic CSR initiatives that create shared value in society, explaining:

“The reason for our success is because we have a different orientation from the rest of the business community. I believe that business should be responsible for its employees’ development and that the Government should be responsible for the infrastructures. As a business owner I should be responsible for upgrading my employee and for setting for them certain disciplines to improve their way of thinking and to put them in a proper environment, in terms of training and skills development. I believe that if you upgrade your people, the performance of your business will be above competitors. We focus on internal CSR for business as well for societal reasons”.

This quote implies that through fostering relational aspects in terms of loyalty, respect and friendship by means of CSR practices, SMEs can change the negative perceptions held in society towards businessmen. Another participant speaks in similar vein:

“I cannot blame the poor from having that attitude towards businessmen, but I do the best I can through implementing CSR in my company to change this perception”.

Interestingly, a social approach towards stakeholders recurred in the interviews as a viable solution to the widening gap between classes, owing to unequal distribution of income. One entrepreneur elaborates on how CSR can be a tool to foster such an environment that mitigates the adverse effects of poverty on workplace relationships, explained earlier:

“When we follow a social and humane approach with our employees, it bridges the gap between classes and avoids class conflict. They will not focus on the luxurious car I am driving, they will not feel that I am the rich one who is living in luxury and leaving all those people around him in poverty without sharing some of his wealth with them to enjoy a better life. I want them to feel that I am treating them as if we are equal. I want them to feel that I am dealing with them from a humane side not from the brutal classism that is prevailing in the society. I want them to look at me as someone who is feeling their poverty, and helping them in getting a better life”.

Stressing the same point, another entrepreneur explains the dynamics of such an approach:

“We organize social events and dinners, gathering the workforce and all levels of management including the CEO. These events makes a difference in their morale, because when their manager serve them in person, bringing them the food, etc. it breaks the class barriers. That is mainly because we believe that in Egypt the main social problem that we have is the social inequality, and I personally believe that the revolution is not at the end of it. I am still expecting that a hunger revolution is imminent. Because there are a lot of extremely poor people out there and their problems are still unsettled”.

Another SME manager emphasizes this point by explaining how CSR can change the negative perception of employees towards business owners, and in turn foster healthy and friendly relationships:

“A social approach with employees will change their prevailing perception about businessmen that they are corrupted, thieves, greedy who do not care about the society or their employees’ suffering”.

It can be concluded that CSR practices can change the prevailing perception towards business owners of being self-interested, which accordingly prompts employees to get involved in unethical practices in the workplace. CSR nurtures a friendly, healthy trustworthy relationship, rather than a hostile environment, as mentioned in previous sections.

Participants continued to add to the list of benefits. One SME owner-manager strongly emphasized that a social approach can act as insurance for the company against any difficulties it faces, such as low salaries, which fail to offset the costs of living, and have caused strikes and social movements in the last few years. CSR has proved to be a way out of this political and economic dilemma. SME owners realized that they need to take part in building safety nets, to avoid what they call *“the hunger explosion”* that is predicted to arise as a result of the absolute poverty. One entrepreneur demonstrates how loyalty, nurtured through CSR practices with his employees, paid off during the security chaos that occurred during the recent political instability:

“I got the chance to get a good education and open my own business but the majority of the people in the society didn’t. I have to communicate to them that I feel [for] them, because if they didn’t sense that, they will be a threat to my business, but if they sense that, they will protect my business. That was obvious during the revolution; there were no security. A lot of business, shops and warehouses got robbed. We are all dealing with the same people in the society, those are the ones who can do the same to your business or the ones who can protect it and the latter is what happened with me. They can be either a threat or an asset”.

Another entrepreneur insists that CSR can act as a defensive tool against poverty, and an effective approach to decrease the classism resulting from it:

“CSR is a defensive approach for us to protect ourselves from the society, from the poor people, those who we do employ. Classism is prejudice, I live in this society, I am one of them so I have to deal with it my own way, and CSR is the way I chose to do so”.

Another example confirms how such personalized, loyal relationships can act as a buffer against unethical violations in the workplace, in a legally deficient, corrupt environment:

“Employees can blackmail you, and threaten to leave the company if you do not respond to their demands especially if they are in a critical managerial position. According to the recent labour law, an employer cannot fire any employee except in case of gross default, and the employer has to go to court to prove that. Employees abuse it. We discovered that one of our employees is stealing from us, we couldn’t fire him! We had to find our own way to make him leave. We transferred him to a very distant branch that he cannot afford to commute to, so he voluntarily asked to leave. The thing is, this law has been enforced because of the self-interest of the Government. There is an obligatory minimum insurance that business has to pay that represents a huge source of income to the Government. The Government is trying to limit people from firing the employees to not lose that income (approx. 4000 billion L.E goes annually for insurance) and of course certain people benefit from that income!”

As can be seen, even laws and regulations concerning employee-employer relationships tend to harm, more than help in fostering relationships. They are enforced for governmental self-interested reasons, to serve personal agendas, rather than public considerations, and create an impeding, rather than a supportive environment for the business community. It can therefore be concluded that CSR can indeed cherish the kind of relationships that counter the negative influence of the macro factors in terms of poverty and social disparity, as revealed in this example. It can act as a buffer and insurance against the risks a company may face.

4.3.1.4 Mutual obligations and expectations

Expectations develop within particular personal relationships (Coleman, 1988). Due to their embeddedness in the community, these expectations are even higher on SMEs. Moral, cultural and religious obligations are placed on SME owner-managers towards society, while at the same time raising the

expectations of society on the role that they are expected to play in solving their problems. An SME owner-manager demonstrates this point:

“The main reason for our social activities is the recession that we are going through, poor people cannot buy their basic needs, and that is hurting the economy very badly. We felt that we had to do something, because honestly, no one else will. The Government is just watching. I believe that as a member of this community, the community has duties towards its fellow members, and me as having surplus of money, I’m entrusted in delivering what they actually own to their hands”.

The above view indicates that business stakeholders in general place high expectations on owners to solve the economic and social problems they are suffering from. However, because of the economic and many other burdens placed on SMEs, their inability to fulfil all the expected obligations can lead to negative feelings and reactions towards them. One SME manager explains this point with regards to his employees, arguing:

“No matter what we do we can’t offer the financial compensation that we believe can enable our employees to live decently or even satisfy their basic needs. Workers are so deeply frustrated. They can’t help but envy the business owners whom they believe are inconsiderate to, if not responsible for their poor conditions. They don’t feel they belong to this place and I don’t feel they are part of my business”.

The above quote reveals that economic suffering in terms of the growing social inequality represents a major social problem that influences relationships in the workplace. It results in social ills, in terms of envy, jealousy and greed that encourages unethical practices (cheating, theft), and discourages reciprocal exchanges of benefits, as explained above. This is reflected in the employer-employee relationship, as described by another entrepreneur:

“Employees nowadays have hatred for the upper levels. They don’t give what they are supposed to, and so we don’t give them more than what they deserve”.

This economic distress generates cultural values that do not support CSR, as explained in Section 4.2.4.5 Short-term orientation emphasizes quick fixes to the economic problems facing society, rather than conscious efforts towards sustainability. These challenges produce a tension in relationships, which place SME owner-managers in an ethical dilemma between their need to address the social concerns, and the bottom line goals.

These cultural values proved to be a pivotal issue of employees' approach to and understanding of work values and work relationships. In a short-term oriented culture, reward is expected not to be based on performance, but on relationships and expectations based on these relationships. This encourages unethical behaviour in the workplace and discourages SME owner-managers from practising CSR with employees. One medium-sized retail company manager explains:

"The problem is that from the employee's perspective, they want to get all the benefits without delivering the required performance. Unlike in US where there are performance reviews and measures and penalties for those who do not deliver good performance and strict monitoring for attendance and so on, here in Egypt there is nothing like that. If the working hours are eight, the actual hours that an employee works could be only four and the rest he is in lunch, or he went out to smoke and the list of excuses goes on. Also there is a lot of cheating in the attendance sheet, where workers can sign for each other and they take turns in doing that. Even when we started to monitor the attendance digitally by finger prints or by eye prints, they found their own ways to deceive the system, especially in the retail, you cannot easily monitor every day what is going on".

Another entrepreneur confirms that this short-term orientation extends to customer relations, which are influenced by the economic conditions, and deem low prices to be their prime concern, rather than sustainable practices:

"All customers are looking for is low price. Unlike in UK for example where the customer is looking for better services, better features in the products, whether it is ethically sourced and environmentally friendly or not, fair traded or not. Here if you give a

customer discount or something for free, that means that you are treating them well”.

The burden placed on SMEs to address society’s expectations to solve the economic challenges extends to the violation of CSR principles spelled out in religious values. Although, as discussed earlier in this chapter, religious and cultural beliefs are an important catalyst for CSR activities, there has been a strong violation of these principles in society in general, and in the business environment in particular. For example, although child labour is prohibited in Islam, work is regarded as a social contract whereby a benefit is expected in return for a payment, and only adults can enter into that contract (Zinkin, 2007). However, this has been shown to be common practice in the private business community. One participant confirms that the economic conditions provide a clear explanation for such a paradox, as the following quote illustrates:

“I employ children to save them from the dangers of growing up on the streets. At least here they are under their parents’ control. Their parents beg me to hire them to prevent them from being thieves or drug addicts. I am actually protecting them”.

The above quote denotes a lack of adherence to CSR practices spelled out in Islamic teaching. The discussion above offers a clear explanation of such a paradox, being the macro-contextual factors, in terms of the levels of economic, cultural and socio-political developments of Egyptian society. Moreover these factors offer insights into another social capital element that has significant bearing on the nurture of relationships supportive to CSR, that is, social identification, as explained below.

4.3.1.5 Identification

Social behaviour and personalized social relationships maximize the sense of belonging for members of a group. It enhances identification with the company that may be missing as a result of the economic and socio-political influences, as explained above. One SME owner-manager illustrates this point by stating:

“When you develop a personalized relation with your employee, talk to them about personal and financial problems that affect their performance, and become more of a friend to them, this is the world to them, they feel that this is their home not a workplace”.

Identification, in turn, nurtures long-standing relationships that support smooth business operations:

“The turnover is a very important performance indicator for the employees. We have people that have been in the company for 30 years because this is a home for them”.

Such close relationships have proved to be a pay-off in business crises. A manager of a transportation company illustrates the way in which their employees’ identification with the business helped them to survive in the market:

“During the revolution, there was lack of security and the company was closed for a long time like many other companies, but fortunately we managed to survive and we discovered that it is directly related to our CSR policies in the workplace. Without our employees, we would have gone out of business like many others. We have signed contracts for years ahead with multinational companies (Mitsubishi, Toyota, etc.). There were security measures, but because we have the policy of working from home, that strengthened the trusting bonds with our employees, who agreed to work fully from home for many months, not like other companies, where employees don’t care. We had communication hubs. We had open lines between us 24/7 to discuss any issues including disclosure to the stock market. We were working as normal, but not through the physical structure. People were convinced to fulfil their tasks from home wholeheartedly”.

Not only does CSR investment in stakeholders produce identification, but also their own engagement in CSR. One SME manager confirms this point by sharing her personal experience:

“We created internal awareness of CSR on a simple level. I organized a one day workshop about the benefits of CG and what benefits will be for individual employees to get their support and so it was. The employees were interested and started to ask what they had to do and this was a big success”.

Another SME owner-manager notes that stakeholder engagement in the business social agenda can encourage identification, pride and loyalty to the company:

“After the GC and CSR awareness sessions we organized in our company, the employees asked me for more info about it, and I began to share everything with them by mail via the company system. Anything I attend, I share its minutes with them. They understood the disclosure policy and showed interest in buying the company’s share price. They started to feel more loyal to the place. There became a new kind of culture among the employees”.

One charitable association manager confirms the value of engaging employees in the company’s CSR practices in the community, in terms of instilling the sense of belonging to the company:

“When the employee has this kind of social connection to the case they are helping, he gets attached to the company that does good to the society. He feels that the company’s money is not only spent and wasted in cocktail parties, and receptions, but is also spend for helping the society. He feels that he is proud to belong to this company”.

The above quote elucidates the way in which CSR and CSR engagement can alter perceptions and improve the distorted image of businessmen, as noted by participants.

However, at a national level, SMEs’ sense of belonging has deteriorated, impeding their community contributions and adherence to the minimum social responsibilities. This has been attributed to challenges at the macro-level, most notably corruption in public institutions. In order to drive social actors to cooperate towards achieving the goals of social welfare, there is a need to

restore and instil a sense of belonging to arrive at that end. One entrepreneur aptly expresses this idea by revealing his painful personal experience:

“There are many good ideas but the important thing is to attract the right people, there are good calibres but they are out of reach and the only way to attract them to serve the society is to make them love this country again. Only by restoring love, the attachment and the sense of belonging to Egypt, they will participate. I personally was one of the people that was strongly attached to this country, but as a result of a conflict of interest with the old regime, I was sent to jail for 2 months in 2009. My family didn’t want to stay here anymore and we left for few years. The old regime killed this love in me. The point I want to make is that a lot of people feel the same way”.

In addition to the influence of corruption on social identification, a political framework that does not support entrepreneurship also adversely influences the sense of identification, and hinders SME CSR commitment. Interviewees noted that supporting entrepreneurship is a means to the achievement of CSR goals in developing countries, in terms of alleviating poverty and social disparity. Through solving the CSR challenges faced by society in terms of unemployment and economic generation, these goals can be achieved. The lack of structures, similar to those of developed countries, to provide such support, is a notable and alarming issue. One SME owner-manager raises these concerns:

“Think about it that way, if there are efforts that are led by the local authorities that help an entrepreneur to open his own business, he will hire at least ten employees and if this business succeeds, this will help ten families. This is in fact another approach to CSR. In the US for example they created the IESE3. I tried to copy this model and I brought a friend, a retired banker to help me start a relation with banks in Switzerland and he came and helped me in my company and I just paid the tickets for him. There are a lot of good ideas, but the problem is that there is no

³ Improvement and Efficiency Social Enterprise. An association whose members are retired CEOs or executives volunteer to act as mentors to new entrepreneurs by passing on their experience to them.

merging of ideas; everyone is very selfish now, because they don't have the sense of belonging. The current condition does not create this sense on you"

The above discussion provides evidence of the way in which the macro-contextual environment can influence and destroy the sense of belonging that encourages ethical and social contributions in society, and cooperation leading towards social welfare goals. This point is explained in the following sub-theme.

4.3.1.6 Cooperation

Participants concluded that the revolution has rebuilt certain social capital elements in terms of cooperation, and considered this an opportunity to pool efforts towards achieving a common goal. One NGO manager believes that:

"The spirit of the revolution is an opportunity for people like us, people who want to increase the CSR awareness, we need to take advantage of this spirit, we have to take advantage of the culture and the religious beliefs and norms that Egyptians have which is very unique, in order to capitalize on it, and direct it in the right direction".

The Revolution has proved that CSR is facilitated by social capital elements. Relational elements, in term of trust, loyalty, friendship and identification, drive collaboration towards a common goal. Another NGO manager elaborates on this point:

"What happened in Tahrir Square is by all means CSR. The cooperation between people from different sectors in the society: intellectuals, writers, artisans, well-educated, illiterate, rich and poor, all stood up together against one person, and was able to get rid of political regime in just 18 days. This is with no doubt CSR. The revolution demonstrated what CSR is all about, that is collaboration towards achieving a common goal that leads to a win-win situation to all parties. That is CSR, when people ally together and fulfil one goal".

The Revolution has triggered the social solidarity values inherent in Egyptian culture. As one entrepreneur observes, trust is encouraging society to become noticeably more collaborative:

“The revolution should be taught as a model for CSR. A model for the integration between the members of the society towards achieving a common goal and that they did. It is a success story for CSR. The main element of this story is trust. They trusted “Khaled Saed” group who led the revolution on the social media, they trusted “Wael Ghonaim” group who facilitated the movement through Facebook and they believed in the cause. Similarly, if the new regime is able to create the same level of trust and people believed in its national cause and CSR agenda, I assure you that everyone will follow their lead and CSR will be part of the new culture”.

Another NGO manager confirms the need to seize the opportunity offered by such post-revolutionary cooperative spirit to attain the sustainable development goals needed to improve social well-being:

“Well, the thing is that through the corruption that intensified before the revolution, you lost the bond. After the revolution, this bond is getting back again. People will now engage in CSR much easier, and the most important thing is that you will see real impact on the society”.

In spite of the opportunities mentioned in the quotes above, the structure in which the relationship exists is still fragile, and does not facilitate collaboration towards achieving the CSR goals called for by the revolution (human rights, social equality, etc.) Alternatively, the findings reveal that the strong ties resulting from stable networks are conducive to the development of relational capital resources discussed above (trust, identification, reciprocity, etc.) The dynamics of these structures and their influence on the development of assets that facilitate socially responsible disposition is discussed in the next section.

4.3.2 Structural social capital; network ties

Revisiting Chapter 2, the structural social capital is the configuration of the social network within which the relationships exist in the first place. This structure can facilitate or impede the mobilization of the resources or assets towards the common good. These social capital resources exist within the social network, tying one actor to others in the same network. The actions of the actors can therefore be greatly enhanced by their direct and indirect links to other actors in the network. These links are examined in the discussion below.

4.3.2.1 Collaboration and CSR

As discussed in Section 4.2, Egyptian SMEs are hindered by many contextual constraints, ranging from bureaucracy and credit to knowledge constraints, that curb their investment in CSR. However, the findings identify a range of innovative methods that SMEs use to leverage tangible and intangible assets to overcome these hurdles. Having an extensive social network is proven to be a valuable asset which can enhance mobility of resources, and hence enable the firm to gain access to tangible (credit, loans etc.) and intangible resources (e.g. valuable information). This can yield different opportunities. For example, SMEs can take advantage of the traditional mechanisms of social solidarity, discussed earlier in the cultural theme, in coping with the difficulties they face in operating their businesses. In order to overcome the absence of market information, SMEs can tap into social networks through personal contact with their peers in the same industry. Such personalized relationships result in informal networks that facilitate the exchange of information and many other mutual benefits needed to survive in the market.

Moreover, SMEs are willing to take advantage of opportunities to invest in social networks and partnerships when there is an apparent pay-off to be gained from these connections. The analysis reveals the benefits that can be realized from these networks, and the constraints SMEs may face when tapping into them. The main issues raised in the interviews with regards to the development and facilitation of these network ties can be summarized in four main points, which are sketched out in the following sections. Figure 4.3

summarizes these points by presenting the collaboration benefits in the form of steps which take the SME through a transition journey that ends with a sustainable impact on society. The *first* step embarks on restoring relational social capital in the form of trust, the absence of which had proved to deteriorate and deter cooperation toward the common good. The *second* step or function of collaboration is to create CSR awareness, or know-how of social engagement. The *third* step is the building of sufficient capacity to support SME social engagement. The *final* step is the multi-stakeholder convergence of these social initiatives to ensure a sustainable impact in society.

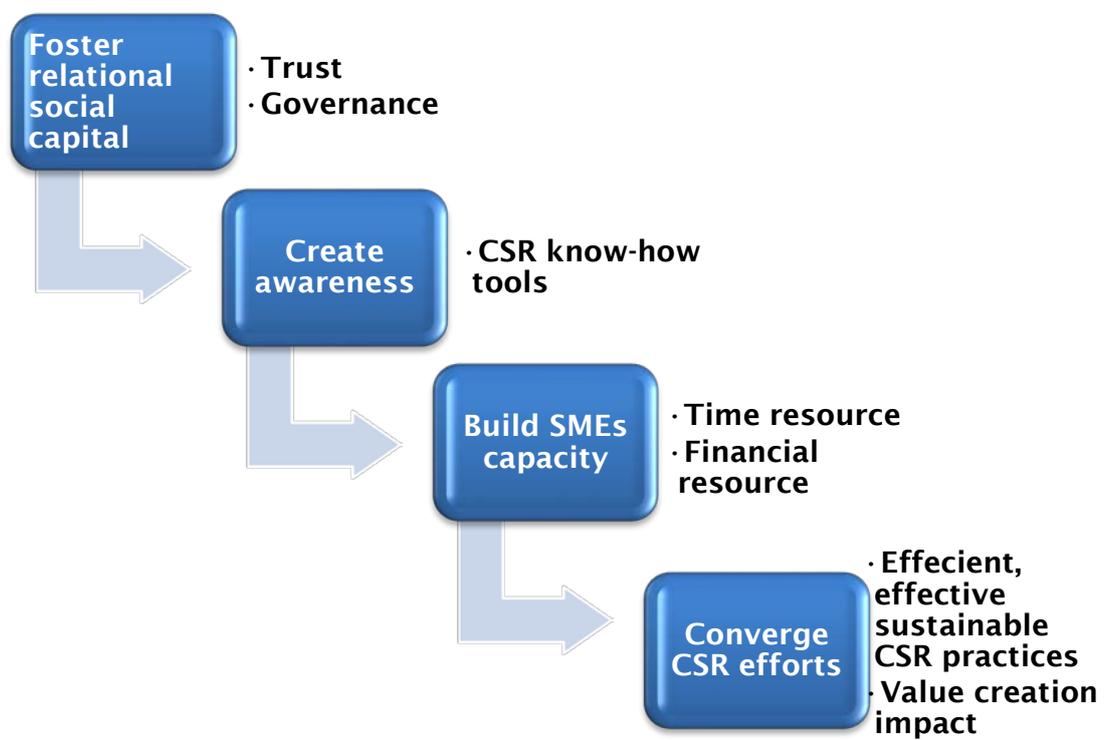


Figure 4.3 Collaboration benefits and impact of SME CSR

4.3.2.1.1 Collaboration and trust creation

It can be concluded from the above section that collaborative CSR efforts are mediated by relational social capital elements, specifically trust, which facilitate cooperation and reciprocal exchanges of social benefits. The findings show that partnerships and networks can disseminate and develop know-how, as will be explained further, and, even more importantly, promote transparency and create trust. Trust creation engenders a lot of social resource in terms of

identification, and mutual obligation that facilitates the reciprocal exchange of benefits to enhance social well-being. Similarly, collaboration through partnerships between local entities and trustworthy international organizations facilitates company social engagement, and creates trust and credibility in relationships, motivating SMEs to engage in initiatives, as the following examples illustrate:

“When the Ministry of Investment created the ECSR (Egyptian Corporate Social Responsibility Centre) in collaboration with the UNDP, this initiative proved to be a very successful one. Some companies joined the centre because they found it a codified way to spend their CSR budget on. We all know that there was corruption in the previous regime, so for the private companies it didn't make sense to them to give away money to any entity that they don't trust the way it is going to spend their money on. But if there is an entity that has a CSR strategy and plan and that has real projects [so] that the companies can see their impact on the society, that would encourage them to participate, and thus the idea of the centre was appealing to those companies who joined the network. The centre has a CSR map, where every participating company know where exactly their money is going and to which projects (health, slum development, etc.)”

However the lack of governance structure, as mentioned in the governance theme, raises scepticism over the social initiatives. The existence of such credible initiatives is very rare in Egypt. Most of the NGOs that operate in Egypt have very poor governance structures, their disclosure tools are weak or virtually non-existent, and basic financial tools are lacking, as the manager of one developmental organization notes:

“If they receive £1 million of donations, you've no idea at the end of the year how they were spent; how much of the £1 million was spent on actual projects, and how much were spent on overheads. We have a lot of corruption when it comes to NGO's in Egypt. That's definitely a very big hindering factor when we talk about CSR”.

Structural efforts have been developed to address these governance challenges. With regards to the creation of trustworthy linking mechanisms, the manager of a developmental body explains one of the initiatives as follows:

“When it comes to the private sector’s relationship with NGOs it is a bit weak, let’s put it that way. And that’s why we have been working with Microsoft, Price Waterhouse Cooper and CIPE (the Centre of International Private Enterprise), on a project to build a database. They developed a CG code for NGOs. There is an Arabic translation to it as well. So what the project is doing basically is we are taking this CG code for NGOs and we are trying to set certain criteria through which we offer the NGO a capacity-building programme. We build their capacities in developing proper internal governance structures in terms of financial statement, proper disclosure mechanisms, fund management and the way to approach the private sector. We are going to have a champion NGO in every governorate of the 27 that would build the capacity of the local NGOs”.

To address the shortage in ***governance mechanisms***, the same participant mentions some of the efforts made to tackle this problem and enhance the credibility and trustworthiness of civil society and NGOs to encourage SMEs to partner with them:

“The second step is to raise the calibre of the entire NGO. It is a by-product from the project. It is a list of the trained NGOs. Those NGOs would be accredited [with] a certain seal that will be audited every two or three years. We are still discussing the auditing system, and who will do it. The details are still rough. The by-product is that whenever we have this list, we will publish it on our website, and those NGOs will be accredited [with] the seal of good governance and disclosure. When it comes to private sector companies, [and] an SME, a big corporate, or multinational is interested in approaching a certain NGO in a certain governorate, as a tool to implement a certain project, it can simply look up the list. If it is interested in working in education, let’s say in Menya governorate, it can choose an NGO out of, say, the 30 in Menya. It is a kind of a white list of NGOs. It’s been a need of the private sector for a while, and we are always approached on a personal level. Someone would call you and ask “Do you know about NGOs

working for education?” Those things would be made publicly now. This is a means to an end. SMEs need tools to help them practise CSR, and usually the tool is the civil society. They need to have a certain trustworthy mechanism to which they can reach the proper NGO that can achieve their objectives”.

The structural challenges mentioned in the quote above mirror the issues raised in Section 4.2.2.1.1 with regards to the leadership of CSR. The efforts above are still individual, and its impact is minimal. The dearth of trust which impedes collective CSR action is linked to the lack of a common national CSR plan that brings parties together and identifies them in a common goal. A clear and transparent CSR plan and social development map has the potential to increase trust and credibility in the initiatives. One NGO manager refers to this shortcoming:

“That brings us back to the root of the problem; if there is TRANSPARENCY, If there is TRUST in the Government from the citizen that they are all going together towards one end,[and a] common goal, CSR will be taken for granted and will be the default for every citizen and company, as simple as that”.

Another entrepreneur moved the discussion in the same direction by stating the importance of institutional leadership in creating a frame of reference for company social engagement:

“Lead by example is the solution. If the leaders in the Government succeed in one social initiative, everyone will follow the lead in the rest of the social initiative. It will be a model for success”.

The quotes above indicate that altruistic behaviours of actors are not universal, but are bounded by the limits of their common situation. SMEs can be placed in this situation if the Government creates a common goal for them to share and identify with. When they find themselves in a common position, they can consider the values or standards of other individuals or groups as a comparative frame of reference, and hence are able to identify with each other, and support each other’s initiatives to reach the common goals.

The same observation was confirmed earlier in the governance theme, when participants agreed on the “*top down*” governance approach as a departure point for diffusing CSR through society. Participants agreed that such an approach can foster trust in relationships, to quote:

“If there is that level of trust; and by trust I mean trust in the promises given by the public officials, trust in the transparency of the information given to the public, I assure you that any goal can be achieved and CSR goals are one of them. People will believe in the system and will start to give whatever they have, efforts, skills, money to participate in achieving the CSR goals”.

The conclusion drawn from the interviews is that collaboration is facilitated by trust, and only through instilling trust between different parties in society, can cooperation be created towards achieving CSR. This collaboration is more significant in ***building the capacity*** for SMEs who lack resources that enable them to engage, and the ***awareness*** of how to engage, as explained in the two ensuing sections.

4.3.2.1.2 Collaboration and CSR awareness

Networks elevate CSR awareness. The analysis emphasizes that collaboration between different actors regarding CSR issues is notably effective in raising CSR awareness of entrepreneurs. One NGO manager shared his experience in organizing CSR awareness events, and underlines the effectiveness of these efforts in raising understanding of the business benefits of CSR among the business community:

“In collaboration with the Centre for International Private Enterprise (CIPE), once we organized a seminar to raise awareness about CSR; what is it and how can companies implement it, and the benefits that it brings to the company, ranging from increased sales, enhancement of company’s reputation and so on. The event gained strong interest from small companies. But it was just one time thing in 2005 and lasted for couple of hours”.

The need for similar efforts and tools to increase CSR awareness has been highlighted by many participants. It can thus be concluded that networks and partnerships are an effective tool to uphold CSR. Through sharing knowledge and experience, it is more likely that CSR principles will be implemented efficiently. The experience of one medium-sized company manager who is active in CSR as a result of his membership in one of these networks, demonstrates this argument:

“In the beginning of 2006, only a few companies started to apply governance and CSR. These concepts for us were new; I didn’t know what the words meant”.

In another section of the same interview, he continues with a description of the micro-cognitive transition he was able to make as a result of joining a local network, and the reciprocal exchange of benefits realized by the network ties he developed:

“These meetings allowed me to be aware of the best practices worldwide. I also got introduced in the round table to governance officers in other Egyptian companies like ours so there would be exchange of experience from the people who tried this before. These people shared with us the obstacles they faced. It wasn’t a normal workshop but a fruitful round table, and comic at the same time; I discovered that whatever I faced and questioned in my company has been also faced by them, e.g. what is it like that employees do not understand what you are trying to implement in the company and the misunderstanding between application of governance and the government (i.e. social insurance, etc.) They don’t understand the difference between the two concepts, and there were people who didn’t know where to start”.

Confirming the cognitive benefits cited in the previous quote, interviewees advocated the value of joining a global network in facilitating their social participation. For example, participants who joined the UN Global Compact expressed how being a member of its Egyptian local network served as a platform for raising awareness about the concept and its value through the

services provided to the members. One SME owner-manager member highlights the usefulness of these services:

“Since the ECRC is the focal point for the local network, it offers a wide variety of services that support the local network members to better implement the Global Compact ten principles. They have quarter round tables where a topic related to the four areas is introduced, as well as workshops on writing COPs. There are different publications the centre produce and seminars they organize that raise awareness and present success stories in the adoption of the Global Compact principles”.

Gaining such a level of understanding enables participating members to endorse and implement the UNGC principles in their company’s sphere of influence, combating child labour, improving work standards and basic living and healthcare conditions in rural areas, and spreading education in the local community, in addition to diffusing environmentally friendly technologies in their area of operation. An owner-manager summarizes these issues:

“The criteria put me on the right track as to what I am doing. It put a framework for the company’s social activities within the framework of the UN global compact”.

The benefits extend to **stakeholder engagement** in adhering to CSR principles and disseminating sustainable practices. Such engagement therefore creates shared value to society. Another member of the GC network explains his approach when engaging business stakeholders in adhering to UNGC principles, and the value created as a result:

“In adherence with the Global Compact (GC) principles, we are encouraged to engage our stakeholders in the CSR activities we embrace. We require from all our suppliers to provide a signed form proving their co-operation to integrate human rights standards and that they are joining us in fighting child labour, and that they do not engage in any form of corruption and that they use environmentally friendly materials. Any violation in committing to these conditions gives us the right to stop dealing with them. We also organize workshops

for our employees, suppliers and peers in the construction industry to elevate awareness of labour rights, and to encourage the diffusion of environmentally friendly technologies of 'green buildings' that we promote".

It can be concluded from the quotes above that such networks direct SMEs onto the right path through providing them with guidance on how to implement the kind of CSR practices that lead to the long-term development of society. These enable the companies to take part in sustainable, rather than merely philanthropic activities, and create a source of sustainable income for poor families. Such approach feeds back to the company and helps to develop the social and economic conditions of the local community in which the company operates.

4.3.2.1.3 Collaboration and CSR capacity

Network values extend to providing know-how solutions for SMEs. Given the economic stagnation and the lack of a supportive policy framework for entrepreneurs that impedes their social engagement, as explained in Section 4.2, the managers interviewed stressed the importance of using a third party, such as foundations or charitable institutions, in enticing SMEs to engage in CSR. Such alliances shift the burden of responsibility between the company and the third party, leaving ample time for SMEs to focus on their daily operations. One SME owner-manager highlights the importance of third party involvement to encourage his engagement:

"It's not always the case that you have individuals who are spearheading the management of something like this (refers to CSR). For me, I see this as the biggest problem, because I am really busy. The thing is that if I have something that I can engage in directly, I would go ahead with it immediately. In order to think about it and plan for it, I would put it on the shelf, leave it at the back of my head and I will never get back to it. CSR would be another project that I have to think about, or to invest my time in, on top of all the other tasks that I already have. And of course I need to be profitable and we are in difficult times, there has to be somebody managing this for an SME, and make the participation, I don't want to say

as easy as possible, but as practical and less time consuming as possible”.

Supporting the above concern over time limitations, another SME owner-manager suggests simply donating money to third party social activities as an effective way to engage SMEs with society:

“I would say that SMEs want to do ‘good’. But they are not going to have the time to think about how they can do it. Because every thought of their mind will be geared toward “how can I survive the next month? How can I pay my bills and salaries etc.? One of the things to help this equation is the third party players that approach a large group of SMEs and give them ideas on how to be active in CSR. It’s an ideas forum at the end of the day, and they should come up with ideas that fit them”.

The quote above emphasizes the value of joining networks and partnerships. Networking between SMEs and different actors can help them benefit from tapping into each other’s resources to enhance their capacity, and facilitate their societal engagement. One NGO manager refers to networking as an effective means to complement capacities:

“Members in the same network will have similar goals and objectives, and if someone discovers that he doesn’t have enough budget or capacity for certain activity, the other companies could actually have it. They can complement each other”.

A manager of a developmental organization refers to formal networking as a “means to build SME capacity” in terms of knowledge, access of market information and building the capacity of the workforce. The following quote explains this value:

“I think the Chamber of Commerce will be a very effective party for mainstreaming CSR by raising awareness through seminars that bring SMEs together. We don’t know each other, and we do need to know each other. There should be someone who manages these initiatives and the chamber is in the best position to know the problems that we face. It

can provide the solutions by connecting the sectors that relate to each other to complement each other's efforts and capabilities. If we have this database that links us, this will encourage us to pursue our social contributions".

These views imply that collaboration indeed enhances capacity, complements CSR efforts and motivates CSR engagement. Network ties facilitate this engagement. One entrepreneur advocated the use of formal networking in managing CSR activities. He raises the importance of taking advantage of tapping into the benefits gained from being part of a non-formal social network in pursuing CSR, and the need to formalize or institutionalize such social networks for effective participation:

"Because I am a service company, I think that if we put together like a network that would be very effective. I am partnering with another marketing company, a sister company which is in the marketing field. Also I work a lot with the Ministry of Education, and with US Aid, and we have several projects ongoing with e-learning, and I think that we can engage with this one too. For example, some of the materials we provide, we can share them for free online. We can provide training for certain schools on our own, they don't have to be managed by the Ministry of Education. So the networking factor of something like this is really good, and it's really very efficient".

It can be concluded from the views above that the growing realization that companies can no longer act in isolation highlights the significant role of business associations as a networking tool to encourage ethical behaviour and social engagement. It is proven to facilitate the operation of a sound economy that promotes and enhances dealings in a fair, transparent and orderly fashion, while at the same time improving the competitiveness and building the capacity of the member companies. The benefits of membership in a sectorial association are described by two different cotton company managers. To cite one:

"I am a member in the Alexandria Cotton Exporters Association (ALCOTEXA), which is a non-trading and a non-profit organization, that operates under the

authority of the Ministry of Industry. The main function of the association is that it serves the interests of cotton stakeholders including producers, buyers, sellers and consumers. It acts as a regulative authority where it formulates export policy that facilitates trading rules and mechanisms. It sets indicative sale prices for the cotton on the market that guides in decision-making. It also provides various services to the members, such as forums for international conferences and discussions of cotton affairs, [and] training seminars. Semi-annually, it publishes The Egyptian Cotton Gazette, which contains market information and statistics on Egyptian cotton, and data on technical, trade and policy issues that inform us very much in making our trade decisions”.

Similarly, in the industrial sector, membership of sectorial networks builds capacity for these types of companies, and has the potential to give an impetus to the modernization and sustainable development of Egyptian industry in particular, and society in general. One entrepreneur explains this point as follows:

“Egypt’s economic development critically hinges upon the competitiveness and growth of the industrial sector. The Industrial Modernization Centre (IMC), which was jointly funded by the European Union, the Egyptian Government and the Egyptian private sector, launched programmes in the different areas of sustainable industrial development. It provides many services and programmes that many SMEs benefited from. As for us, it helped us develop new manufacturing software and a new website. They also offered better health care programmes. They approached SMEs and supported their development through many successful initiatives in different sectors. Unfortunately, now it is not as active as before, probably because they are running out of funds”.

Whilst recognizing the need for such clustering and networking, a lack of formal linking mechanisms hinders CSR engagement. For example, a linking mechanism between NGOs, SMEs and the Government does not exist in the research context, none of the SME owner-managers being aware of any such efforts. These conditions create a problem for SMEs, being reluctant to collaborate or partner with NGOs, due to lack of trust and the lack of

mechanisms to provide them with credible information about the NGOs, their activities and their actual impact on society. A manager of a developmental organization observes:

“We have many NGOs and no one knows which NGOs are working for education, or health or so on. That is not classified or categorized”.

Another manager of a developmental organization refers to financial resource constraints as a key reason for SMEs’ need to have trust in third party social initiatives before they cooperate with them:

“Because SMEs are opposed to big corporates, they like the resources to access the proper NGO, they don’t know the way. If it’s a company with 15 employees and £100,000 on budget is allocated for the CSR activities, I would say they would be very sceptical of spending that money in an entity they don’t trust...”

This confirms the importance of fostering trust as the first step in enticing social actors to collaborate over achieving social goals, as argued above, and depicted in Figure 4.2.

The discussion above begs us to consider the importance of a multi-stakeholder approach in order for CSR practices to have a strategic and sustainable impact in society.

4.3.2.1.4 Collaboration and convergence of CSR efforts

A **“multi-stakeholder”** approach, suggested by participants, ensures synergy in the social efforts to address local needs. Bringing parties together allows a joint grasp on social problems. Business engagement in national policy processes can also foster alignment between CSR strategies at the business level and pursuit of an overall public policy goal, as explained earlier in the chapter.

Given the significance of initiating collective actions towards CSR, participants spoke of the local dimension that needs to be considered in developing CSR plans and programmes. It is thus crucial to involve both local and international parties when addressing the CSR agenda, rather than solely imposing global perspectives on CSR. An NGO manager confirms this:

“CSR initiatives should be initiated mainly from the local community and the local authorities, like the Ministry of Investment who work so closely with SMEs. That should be the origin of the CSR initiatives. It should not be imposed from the international institutions. It should be an integrated effort between the ministries concerned with CSR, NGOs and SMEs, with the technical and financial support and consultancy of the international institutions like World Bank, multinationals, etc. This is my vision to the CSR in Egypt”.

That brings us to the importance of a **multi-stakeholder** approach that ensures convergence in the CSR initiatives and efforts. Collaboration through partnerships ensures such convergence by directing the efforts towards common social goals, rather than duplicating and wasting them on haphazard activities that have minimal social developmental impact. The interviews suggest that lack of collaboration between actors, especially within public institutions, is a main impediment to the sustainable development of the country. One participant observes:

“In Government itself you can find all kinds of duplication. You can find one ministry that announce that it is handling a specific issue that has never been done in the Government before, and you find the very next ministry, that is 20 metres away from it doing the same thing without even knowing that another public official is already taking care of that issue. Instead of working together, they just duplicate their work”.

Some participants refer to the lack of cooperation between public actors as the reason for the lack of a common national plan to address social matters in a more efficient manner, as noted in the earlier discussion. One interviewee offers the following conclusion:

“The Ministry of Social Solidarity is the one who has a duty towards the development of the social affairs. It should consolidate with the Prime Minister and come up with a plan with regards to the social issues and accordingly he makes a statement or announces this plan. This plan should address issues concerning poverty in Egypt, a plan that concerns poor people’s needs who seek shelter, food, sewage system, and that consider schools development programmes, levels of income and identify the poorest regions in the country, but where is such thing?”

Probing into the same issue, several participants raised the necessity of integrating the efforts towards developing a national CSR plan to encourage SMEs, among other actors, to participate in its implementation. One NGO manager complains about the absence of such a collaborative approach:

“Developing a poverty map should be accompanied by recommended solutions on how to solve these problems. By communicating this map and the solutions that SMEs can participate in, that will encourage them to get engaged. In that way, we can reduce the gap existing between the civil society, public institutions and SMEs.....But do you think something like that exists in Egypt? I personally have never heard about it”.

Lack of collaboration towards that end extends to civil society actors, as well as to the NGOs, who otherwise tend to work in isolation for the achievement of CSR objectives. One entrepreneur confirms this issue, stating:

“I can see [that the] private/public sector has a crucial role in development. But some NGOs want to make their own projects, which are good, but need much financing. The point is, don’t be a sole player. This field is very big for one entity. You need to go into alliance with other NGOs that have similar projects”.

Another NGO manager provides an example of similar individual attempts to link different entities together:

“The Ministry of Social Solidarity tried once to gather all the NGOs and to do like a catalogue or a manual

that specifies hundreds of different activities that are needed to improve the social conditions and to make these efforts organized. But I guess even if they made it organized still it is not going to have long-term effect, because they need to work hand in hand with other parties under one umbrella”.

The discussion above invites us to conclude that SME owner-managers’ beliefs and dispositions are highly interrelated with those with whom they interact, and with their particular configuration in the structure of a given network. These cognitions and their influence on CSR are discussed in the next section.

4.4 Micro level findings

This section addresses the meaning attached to CSR through detailed consideration of its social construction by SME owner-managers. This objective will be achieved by presenting and analysing the interview evidence for their conceptualizations, understandings and motivations towards the welfare of society.

The results highlight the prominence of the personal values of entrepreneurs in the generation of the CSR process and its further adoption by the company. The following section spells out the scope of responsibilities that participants perceive that they are obliged and expected to assume, and the drivers and influences on such perceptions and motivations.

4.4.1 Founders role (motivations, conceptualization, awareness)

The majority of the research participants stressed the importance of owner-managers’ values and ideology in shaping their understanding of the CSR, notion as evidenced by one entrepreneur:

“I wanted to build a company that mirrors my own values; I wanted to run the company in a way that I believe in. I want my company to be environmentally and socially conscious and to build an inspiring place for people to work in”.

The way in which the SME owner-manager understands his/her role towards society also facilitates stakeholders' engagement in CSR behaviours and practices. An SME manager illustrates this point:

"Everybody is hired based on their value. Employees feel that they believe in the same values and believe in the company mission and are motivated on doing all those positive things we do to our community together".

He later added:

"When we are selecting our suppliers, we select them to have the same values as us; we are very excited to work together, because we feel that we are one camp and the rest of the travel industry that works in a mass non-sustainable way is another camp. We support each other and grow our businesses to promote a better kind of sustainable tourism".

Therefore the SME owner-manager's values, cognitions and culture also influence his stakeholders' approaches to CSR activities at the meso-organizational level. The following quote demonstrates this point:

"We are among the very few people that work in a very scientific and professional way in our work. We do everything by the book, and we stick to the rules and the knowledge in the books. And that comes from our background and upbringing, from the family, who value the knowledge, even in the board we don't take decisions unless they are scientifically proven to be convincing, that include numbers and facts. This culture is cultivated here in the company; we are one of the very few medium-sized companies who invest in their people. For example, we sponsor 5 of our employees who are doing their MBA".

However, it worth mentioning that this participant was among the very few owner-managers interviewed who was of a strategically thinking frame of mind. This demonstrates the unique nature of CSR in SMEs. SME owner-managers' personal preferences, beliefs and culture play a significant role in influencing decision-making regarding SME external community involvement and internal

social practices. Pressure from consumers and civic society that lends legitimacy is not considered to be the driver of socially responsible behaviours among Egyptian SMEs, as is the case in developed countries. However micro-individual motivations towards CSR are influenced by macro-contextual factors, mediated by social capital elements, as explained in the following section.

The failure of the state to provide an economic safety net for the needy has placed the burden on the private sector to fulfil this role. CSR in this context is no longer an expected practice for SMEs, as it is in the Western countries; rather it is a requirement imposed by society. For example, providing employment opportunities and healthcare services, or supporting an orphanage is a duty for businesses in the Egyptian context. Therefore, moral obligation, conforming to societal norms rooted in cultural values and religious principles and identification to society are the main impetus for SME social engagement. These elements are outlined in the following section.

4.4.2 CSR motivations and drivers

4.4.2.1 Sympathy for poverty (moral obligations to address Government failures) (ethical)

The prime motivation of Egyptian SMEs to engage in CSR practices stems from a sense of their moral obligation to contribute to the social welfare of society, as a result of Government failure to address social needs and provide the support required to develop society. Therefore the CSR initiatives mentioned by participants are aimed at eliminating the widening social, educational and financial inequalities amongst the population. For example, in terms of providing entrepreneurial support, a manager of a medium-sized company mentions that weak educational infrastructure and lack of educational and mentorship support provided for young entrepreneurs, who he believes to be the engine of development, spur his social engagement:

“Look at our educational system; it’s very difficult to produce a real entrepreneur. In the direction of taking measureable risk, people do not know how to calculate their own personal finances, how to save some money. We try to fix that by mentoring and educating new entrepreneurs. We help those people

who are really in a bad need for help and who really lack the know-how of starting and sustaining a new business”.

Another owner-manager of a venture capital company touches on the same point:

“Entrepreneurs need help in the business side, they are passionate and tech savvy but lack the business awareness. They need guidance and mentorship; they need a push, a financial push for a final product. My passion was to build an entrepreneurial eco-system in Egypt. My partner and I decided to open an incubator, accelerator that offers early stage finance, mentorship and co-working space for young entrepreneurs. And it’s commercial too. We provide cash, in-good services and the most important is mentorship. We take equity for the upturn. It is a long-term investment (5yr- return minimum)”.

Empathy towards poverty and the poor conditions of employees and members of the surrounding community triggers the moral impulse to engage in other philanthropic behaviours, as the following quotes illustrate:

“I don’t think in the West you can see a lot of homeless people that ask for money in the streets, but here in Egypt, this is a full time job, you can see these scenes all the time and it breaks your heart”.

Another entrepreneur underpins the same motive for his CSR engagement:

“Most people do these activities out of sympathy and I am one of them”.

One NGO manager attributes moral obligation to be the reason for SME participation in CSR projects:

“It is mainly their intrinsic feeling that they have to have a role in this country. Not all of us are stones or imagery! Egyptians feel to the others. That’s what makes small business regardless [of] their hardships contribute to the society without even advertising it,

to the extent that even sometimes they ask me to keep their names discrete”.

These motives, influenced by the turbulent *economic* conditions, have been translated into CSR activities, for example in the workplace, as one SME manager explains:

“We provide extra benefits for our employees because we realize that the salaries we provide, which is based on the unfair market, does not enable them to cope with their expenses”.

Another participant refers to the same factor as the impetus for his social engagement:

“Abroad, employees give you the value of what you do for them. The better you do your job, the more incentive you get. No one is giving his employee money out of charity. Here the employee is poor and not well-educated. You feel sorry for him. You don’t give him money because he is efficient, but because he is striving to put himself in a better social and financial position”.

These moral obligations, evident in the quotes above, are rooted in the long-engrained traditional cultural norms and religious values in quest of spiritual salvation.

4.4.2.2 Cultural and religious norms

Conforming to societal expectation placed on SMEs to adhere to the cultural and religious norms was referred to by participants as the main influence for their social engagement.

Cultural values, outlined in the macro-contextual themes, are a catalyst for SME social approach. According to the collectivist value characterizing society, described in Section 4.2.4.1, individuals favour the collective, rather than their own personal interests. In the research context, such belief is one main reason for the social approach of SME owner-managers with the business

stakeholders, either in the *workplace*, with *customers*, or with the *community* at large. The following three quotes by SME owner-managers illustrate these points respectively:

“During the revolution we were about to close, no one buys fast food, our business has been severely affected by all this. It wasn’t easy for us, but our first priority was to continue paying the salaries of our employees especially the workers and office boys who cannot survive without these salaries, to the extent that we were paying from our personal accounts to cover these expenses”.

“During the last few years, where our company, as many others, suffered from the economic instabilities, a lot of our customer companies were unable to pay our fees. Regardless of our struggle, we deferred their payment to us with no interest of course until they were able to stand on their feet again”.

“Although our budget is tight, however we try to help the community by all means. We joined the religious figure Amr Khaled in his campaign against narcotics and drugs (about 5000 drug users to treat) and we put the campaign slogans on the back of our trucks. We started distributing them in the bread packs, one of them (I am Egyptian, I start with myself) and the other is (I am Egyptian, I build and not destroy). We also helped the cancer institute in their campaign for breast cancer, as they needed marketing support, we did it for free for them; the same with the NGO ‘Nahdet Misr’, and with the ‘Food bank’ the same story; we do anything to promote, develop the society, free of charge. We create awareness for CSR, even with our clients, we try to make them work together to do a common project in the CSR field, we believe that we are all in difficult time, and we need each other to get through that”.

The above quote suggests that SME owner-managers need to conform to the cultural values and norms of social solidarity and collectivism as the main stimulus for their social engagement.

Recalling the participants’ views from Section 4.2.4.1, about how Egyptians feel for others by *“putting themselves in others’ shoes”*, one interviewee

attributes this solidarity value as the motivation for his social approach with his employees. Being in a similar subordinate position before being a manager, another participant refers to such a situation as a motive for his consideration for his employees:

“Because I worked both as a manager and as an employee, I understand how it is being an employee. When I was an employee myself in a big corporate, my manager was showing concern only about my performance and the number of items I sell every day and showed no care whatsoever about my personal matters. It was then when I felt that this is not where I want to belong to”.

The strong impact of religious values on Egyptian society is also evident. Religion holds society together and provides the basis for social solidarity values, as discussed under the culture theme. It provides the foundation for controlling, or at least deterring misbehaviour. The following quote by one entrepreneur shows the link between religion and ethical values in the SME context:

“I think the number one motivation for CSR in Egypt is religion. The religious emphasis on giving back and helping others is the channel that allows people to do good to the society”.

Another entrepreneur reinforces the same linkage:

“Religion is part of our culture. You can see that religion is a main motivator for a manager’s social relation with his employees. To the extent that the employees in small companies can receive his monthly salary every week because the monthly salary is not sufficient! If he asked for a loan from the employer, you will rarely find one who refuses to lend the money if he really need and they ask because they do really need it. In these economic conditions the employer understands how hard it is to survive with these low salaries, and they feel religiously obliged to give when they are asked to”.

Another participant confirms that relationships are governed by religious norms:

“Talking about social responsibility, unlike abroad, who follow labour laws; here it is all based on religion. We give bonuses on religious events. If anyone has an accident, we take care of the treatment costs, and so on”.

Consequently, a business owner, even if secular or non-practising, has to behave in accordance with religious principles to conform to cultural expectations, as the following quote illustrates:

“When talking about social responsibility, it has a human side which comes mainly from our religion. That’s why we try to help people as much as we can. This is the main driver actually since we started our business a long time ago... if someone is having an operation, we would stand by him, financially, or by any other means. If someone is getting married, we help them in covering the related costs. It’s something in the culture, in the religion. Although it is not written in the documents of the company but it’s actually through this spirit ...”.

Realizing the significance of religious influence on the spread of CSR, the Islamic traditions of “giving”, encompassed in the concepts of zakat and tzedaka, are used as instruments to pool funds for social causes. One NGO manager offers an example to support these findings:

“Religion is an extremely important catalyst for CSR and opportunity to mainstream CSR. That is because we already have the evidence-base for CSR in our culture, which is religion. We are a very religious society. And religion can be the reason that catalyses people to integrate with the society. Look for example at Vodafone literacy initiative. They are very smart people; the way they encouraged everyone to participate in it is by working with the popular religious figure “Amre Khaled”, who is a very trustworthy and respectable public figure. They capitalized on that dimension and it really worked”.

4.4.2.3 Social identification

SME owner-managers engage in CSR to express their social identification. Corruption influences the *identification* of individuals in a deteriorating society. In order to drive social actors to collaborate towards achieving the goals of social welfare, there is a need to restore and instil a sense of belonging. The lack of a sense of belonging, especially at a national level, is what hinders individuals from considering CSR involvement. This sense of belonging accumulates over time, and the Government's diminishing role in facilitating the conditions that create it is ascribed to be a main reason for SME reluctance to take part in the CSR movement. One NGO manager states:

"The root of the problem of CSR commitment is how to create a sense of belonging on the business community and that goal starts from the top, from the Government. In the last 30 years no one provided these conditions that make people love and belong to the country, and these conditions made CSR not going in the right direction".

Another manager of a developmental organization explains the means through which the sense of belonging provokes or dissuades individuals from giving back to society, with specific reference to the Egyptian context:

"CSR is about appreciation to what you have and what you got. That sense of appreciation is what motivates people to give back to the society. That sense does not exist anymore; the ordinary person doesn't feel that he belongs to this country in the first place. That is because he doesn't get his basic needs that he promised to be given. And those who are rich, doesn't feel they need to have the ethics that legitimise their existence, because they know that they can get away easily with their corruption if any problem happens. That exactly what happened in the recent incidents, the same known scenario repeated itself again, the rich ran out of the country and their money has been kept safely in banks abroad. So you do not have that sense of belonging, neither from the rich nor from the poor".

In another section of the same interview, he elaborates on this point and explains how the sense of belonging can be *reciprocated* in meaningful ways that can help develop society:

“In US, wealthy people donate millions of dollars to the university they graduated from because they feel that it made difference in their lives, it gave them the level of education that made them successful individuals who can earn a decent income. As an appreciation for that, they give back to it. This is what CSR is all about. CSR is an appreciation and gratitude to the society that provides the good conditions for individuals to be successful. If the society deprives people from the basic needs in the first place, there is nothing to be given back then”.

The above quote provides an example that highlights the difference between Western and Egyptian society in the context of CSR.

The need to maximize the sense of belonging for members of a group has been underscored in the light of the recent political changes that partially restored this sense, and have been shown to provoke CSR commitment:

“After the revolution, people become more connected with their country and with their society; they are more willing to engage, because this is what the revolution did. They know that Egypt now is at a point where it needs help from everybody. This will encourage a lot of people to do more good for their country and for the society, because they do not need to think about themselves any more”.

Given the above discussion on the drivers that shape the relationship between business and society in the Egyptian context, it is crucial to define how Egyptian SME owner-managers understand their role towards society, and what motivates or hinders their engagement. The next section is devoted to this discussion.

4.4.3 CSR in the Egyptian context; peculiar conceptualization

The influence of the macro-contextual factors on the micro-individual conceptualization of CSR is a prominent one. The particularities of the context lead to a certain conceptualization of the role of business in society: to operate in the market, embrace products and services that cater for the needs of society, sustain the business, create jobs and abide by the minimum legal requirements. Such philanthropic practices are conceived by SMEs as the fulfilment of their role towards society. These peculiar conceptualizations will be outlined in the following section.

4.4.3.1 Operating in society and sustaining the business (economic)

Interviewees linked their contribution to the economic viability of the country by operating in society to fulfil their role in societal well-being. They recognized the crucial role of SMEs as engines of job creation. One participant explains this understanding thus:

“I always have this idea that SMEs are a way to enrich the economy. This is how we will increase industrial productivity and create job opportunities. When I was making the interviews for my current employees, I saw how badly they wanted the job”.

For SME owner-managers, providing employment is therefore their chief contribution to society. One SME owner-manager articulates his understanding of CSR thus:

“CSR in SMEs is all about employment. SMEs employ people, they come up with new ideas that drive the economy, they provide innovation, and they are the life blood of any economy. Look at the US, what’s the main driver of US economy? SMEs and innovation. It’s all about innovation and where does innovation come from? It does not come from bureaucracy, it does not come from the public sector, it comes mainly from entrepreneurs that are very passionate about their ideas; they create opportunities, they create jobs, and they create added value for their countries”.

Participants purported that their support for solving the unemployment problems by creating vacancies is necessary for achieving the country's development. One participant expresses this perception as follows:

"The only way I think I can contribute to the society is to keep my business running and grow it if possible. In that way we can keep the employment and open the houses of employees by providing them with job security and sustainable income that help them survive".

When asked about his role towards society, another participant asserts:

"I employ people; people can't find their daily bread".

Another entrepreneur elaborates on how his company can create job opportunities in the cotton market:

"There are at least 15 million people working on the cotton industry. We work in the trade of cotton. Cotton goes through a long cycle until it is exported; starting from cultivating the cotton, transporting, scooping, spinning, and pressing, to exporting it. Farmers, drivers, factory workers are provided by job opportunities accordingly. By operating in this industry, it is in itself a major contribution to the society because we become part of this system. In addition I employ 45 people in my company. Also, we export the cotton so it adds to the GDP of the economy. Not only that, because we export a high quality product, we develop trust with our customers internationally, and that promotes the good reputation of the trade in that sector in Egypt".

Within the same context, one entrepreneur explains what is meant by providing employment conceptualized as CSR:

"The CSR vision of my company is to employ and empower as many people as possible, and help them to financially be able to support their families and rent a place to live in and have children. CSR for us is about providing employment. We do that through the nature of our business which is employee intensive. So

we employ them, qualify them and give them the proper training that can develop their skills”.

The views above furnish the discussion in the next section, which points to a rather peculiar CSR conceptualization; legal compliance is considered a social, rather than a given responsibility of companies.

4.4.3.2 Abiding by the law (legal)

Interestingly, compliance with the law was referred to by the majority of the interviewees as part of their business obligations towards society. This view highlights the peculiar conceptualization of CSR in the Egyptian context. Due to the prevailing legal violations elicited by corruption, SME owner-managers believed that, by adhering to the minimum legal requirements, they meet their social obligations. One manager of an NGO observes:

“People mix between their social responsibility and their obligation towards the Government. They think that abiding by the law, as for example paying taxes, is their optimum social responsibility”.

Lack of Government support for entrepreneurs, and the extra burden placed on them to substitute the services that Government fails to deliver, discourages SME managers from going beyond their legal obligations. Legal compliance is hence deemed to be, in essence, a social action:

“I hope we can do more for our employees and workers. There are not any support systems that enable us to be more generous with the employees and offer what is beyond the basic benefits. Any attempts to do so would be a huge burden on the company and will eventually fail to be sustainable. We already pay for the training and we pay for medical care. We are trying to do more but unfortunately we are unable to, it is beyond our capacity”.

The above statement reinforces the previous views, and highlights the reality that abiding by the law is a CSR priority and challenge in the Egyptian context, where unethical dealings dominate the business environment. One participant offers an example of the violations he faces in the workplace:

“There are a lot of tricks that businesses do nowadays to avoid paying insurance. Some businesses do that in spite of the proper paperwork they provide. For example, the annual raise is calculated on the basic salary, so they put the minimum salary they can give to the employee on the records. This way they do not have to pay them the insurance that is required by law. Instead, they give them the rest of their agreed on salary as compensation or allowance for transportation and so on. But we don't do that”.

The deterioration of social capital stocks in terms of trust and reciprocity leads to such convoluted understandings; lack of trust that fulfilling legal obligations will be reciprocated by benefits for the business in exchange is a key reason for SME owner-managers' non-adherence to the legal requirements:

“People will not pay the taxes until they trust that it will come back to them in the form of benefits, education, facilities...etc.”

Reinforcing the same view, that perceived reciprocal exchange is a main motive for adhering to the minimum social responsibility (i.e. legal compliance), an SME owner-manager explains:

“I believe that small businesses have to have even a minimal role in the society, but they must be convinced first- No one will move in this path unless he can sense a benefit out of it. People pay taxes and can't see any benefits out of it. The scope of responsibilities that I am talking about is still the basic one, which is their legal ones where people deal with it in a very sceptical and reluctant way. This will not be done except by someone in charge who cares about it, who has a plan for it and will lead people in the way of social responsibility”.

4.4.3.3 Philanthropy

It can be implied from the above discussion that such orientation towards the “others”, stemming from religious and cultural norms, shapes the CSR practices discussed in the research context. Indeed, the rich tradition of philanthropy in Egyptian society also has a strong religious context. SME owner-managers do not feel inclined to engage in formal and sustainable CSR practices, because

they confuse CSR with charity, where charity is perceived as a way of adhering to religious obligations to address the needs of the under-privileged. They genuinely believe that their responsibilities towards society are confined to fulfilling their religious requirements of “zakat” or “usher”, which they do in secrecy, so that the reward from God does not get diminished. This, in turn, shapes the nature of CSR into individual philanthropic practices which lack real impact on the sustainability of society. One SME manager illustrates this point by stating:

“There is a missing link you know, and you have to show people that you are improving your society; it’s something good, not only giving people food to eat. Training people are much more important than giving food for them”.

We can note from the above quote that, by implication, the participants lament their lack of understanding of the CSR discourse, which leads to the conceptualization described above. This critical issue is elaborated in the next two sections.

4.4.4 CSR concept and cognitive awareness

SME participants exhibited various levels of awareness and understanding of their role in society, as the following diverse quotes illustrate:

“We only sell machines, anything else is not our role”.

“We never forget the community that hosts our operations; its well-being is our responsibility”.

CSR reveals a conceptual continuum ranging from those who equate it with charity and philanthropy, to those who equate it with development, as the following contrasting quotes from a developmental organization manager and an SME owner-manager, respectively emphasize:

“There are many examples for companies who donate certain amount of money every Ramadan and give it

to a well-known charity that works with orphanages and think that's all they need to do to the society".

- to those who exhibited a meaningful understanding of the concept.

"I can't see these charitable giving as CSR activities, because CSR for me means sustainability, long term-strategy, and these individual, and seasonal activities, such as those donations in religious events as in the Islamic holy month "Ramadan", does not fall in this definition".

It should also be noted that those who are aware of the role of CSR in addressing the developmental needs that the Government fails to confront, operationalize CSR in a strategic manner that benefits both their business and society, and thus create shared value. This is reflected in the following quote from a manager who explains how he translates his strategic orientation of CSR into meaningful practices. Investing in his employees to achieve human developmental goals is shown to spill over into development of the community as a whole:

"For me, CSR is about development; developing my employees. We hold on a weekly basis an internal knowledge sharing event. It is mainly a presentation on different topics that could be directly related to the business that can improve the performance, intellect and knowledge of employees and in turn their personal development. This could be a book discussion on a business topic or presentations on the etiquette of eating. I can see the impact of my efforts when I take my employees to a business dinner, people get so impressed by the way they behave and they dine although they seem to be coming from humble backgrounds. Also we circulate certain articles that can upgrade their intellects. Even for the office boys, we give them discipline in the way they should dress and on the hygiene. Because once you develop in your employees these things, they will take what they learn back to their families and their circle of influence. This is all CSR. It is about development, human development".

It can be concluded from these various quotes that many SMEs fail to grasp the impact of their operations on the broader business environment. It can also be

noted that macro-contextual factors have a major influence on such diverse results. For example, the ***economic conditions*** are partially responsible for the misconception of CSR. Some participants perceive CSR as an extra activity which should exist only in large companies, as described by one entrepreneur:

“To be practical, in order to implement CSR, that requires the budget like that the large companies have, not that of the small companies like ours”.

Another reason for lack of awareness is the prevailing ***cultural values*** that fail to support the growth of CSR culture. One manager refers to the ***short-term orientation*** and inability to utilize time efficiently as a reason for this lack of awareness:

“The main problem is the culture. People are unaware of the avenues through which they can utilize their time to benefit the society and they are even unaware in the first place of why they should do that. Employees, for example prefer to spend hours on the social media during the working hours, following up on the posts and comment on them than doing volunteering work”.

Individualistic cultural values, engendered in response to the harsh economic conditions, form another cultural aspect that adversely affects CSR, and gives rise to the need to create awareness of the instrumental benefits of CSR engagement. One small company owner-manager openly declares:

“Honestly I didn’t think about the society when I opened my business, I thought about the business and what it will offer to me and how it will benefit me!”

Participants highlighted the importance of raising awareness about a) ***the meaning of the CSR notion***; b) ***the expected benefits of CSR engagement***; and c) ***the tools for engagement***.

A manager of a medium-sized company which is actively involved in innovative sustainable practices suggests:

“To motivate other business people, you have to make them understand that they should donate their knowledge not their money. Disseminating knowledge and competence are more important than money if we are to sustain our society”.

Some participants advocate educating SMEs on the notion of CSR by linking it to sustainability. One entrepreneur refers to the effectiveness of such an approach in addressing environmental awareness:

“Companies should be able to link the environmental protection with the continuity of their business because it all links to sustainability. If the environment vanishes the business will not continue because you destroy the resources needed for your business to continue. The main vision when founding a corporate is that the life-time of the company exceeds the life-time of the owner. And so sustainability is [an] important factor that businesses should consider and be aware of”.

A manager of a developmental body confirms this opinion, stressing the need to tackle the misunderstanding of the CSR concept among the business community by supporting the same idea:

“Now it’s called sustainability, it’s no longer CSR; if you want to be there in 10 years, then CSR is what you’ll have to do. You will need to take care of your employees, you need to take care of the society that’s around you, you need to take care of the environment, and you need to be anti corruption. It’s not really that complicated. It could be very little things. It doesn’t have to be anything with a zillion dollar budget; just put recycling baskets in your factory, give your employees the proper treatment, health insurance, it should be part of doing your business anyway. And we always go back to the same statement, CSR is about how you make your money, it’s not about how you spend it!”

Gaining awareness about the CSR concept and its related principles can, indeed, encourage SMEs to participate. A manager of a medium-sized company explains the process of integrating CSR in her company, which began with

learning about the meaning of CSR as the “departure point” for the company’s engagement:

“The owner of the company took a diploma called ‘Board Development Series’. This was provided by the EIOD. It provides participants with the principles of CG by offering tools on how to adopt these practices, how to develop their company through applying CSR and CG principles, and how to separate ownership from management. ... They introduced the concepts of transparency; disclosure of non-financial info on websites, internal auditing, what CG is, what are the corporate scandals that raised the importance of it, and how this is possible to happen in any company. The owner of the company was impressed and decided to implement these concepts in the company. He has a long- term vision. He saw that if this change occurs the company’s position would develop, even globally as it gives accreditation to the company. We took the diploma and became a certified director and a member of CDF (Certified Director’s Forum of Egypt). This was the trigger that moved our company to apply CG and CSR”.

With regards to awareness of the **CSR benefits**, participants attributed the lack of this to be a main impediment for business community engagement in CSR initiatives. One participant stresses the need for educating SMEs about the business benefits of CSR, in order to encourage them to participate in spite of the economic burdens they face:

“SMEs have zero tolerance in losing cash. So if these activities interfere with cash, they drop it. There has to be win-win value”.

The above view is confirmed by the interview results, which showed only a few instances of SME participants describing their social engagement as an instrumental practice:

“We realized the economic benefits that we gained after applying CG and CSR in our company. We started to monitor the financial statement after disclosing information on our website and we saw the impact on the financial statement. We noted the interest of other companies to ally with us. Also it

facilitates our dealings with the banks, because these are some of the factors that the banks look at and give your company a higher level than if you do not apply. The interest from foreign investors wasn't proposed to us before. All these benefits resulted from our social disclosure in the website. The more history you put in the better it becomes and the more value it has. Stakeholders would see the performance of the company, and where it is going, and gain trust in you".

The interview discussion concluded that CSR benefit awareness, along with the know-how tools are, indeed, the departure point for SME owner-managers' CSR engagement. One participant wraps up these points thus:

"Well, the thing is that you have to give me as an SME a solution in how to engage. Awareness is the starting part, but I think that the know-how and the execution itself is also a critical issue; that is how can I engage? How much extra time do I need to invest in something like this? Do I need to spend one hour a day or one hour a month, or five more minutes for each hour I am spending already? And most importantly, what the benefits are and how [much] more I have to put in to make a difference in the society".

The role of the Government is crucial in raising the levels of CSR awareness among the business community, as argued earlier in this chapter. **"Flagship"** CSR is an effective instrument in increasing awareness about the CSR notion and its importance to society, and acts as a tool to promote the support culture for CSR. The role of the Government in achieving this goal is crucial, as one participant affirms:

"We need role models; best practice models to be communicated and marketed. The first step is to communicate the idea. And the communication should be two-way, that's why I prefer the term communicate over the term market the CSR idea, because by communicating that means that you ensure that the receiver understood the idea right, and so you can follow up with him. The media should communicate and create awareness about the CSR idea; that CSR means increasing the leverage and the development of the community. This could not happen without support of both the Government and the NGOs. You cannot do better than that in CSR in SMEs".

The above two quotes highlight the vital role of collaboration between different parties acting on CSR development, in creating awareness about the notion, as evidenced in the structural dimension findings.

One medium-sized company manager reinforces the same idea by sharing her experience of how *flagships* can help stimulate the take-up of CSR:

“When there is a success story and all the people look at it, they want to learn from it. When I and the owner of the company took the diploma on CG and other courses on CSR implementation, we were among the very first companies to do so. We got several awards later on that were propagated among our business community. Now I heard that more than hundreds took this diploma. The awareness increased and there is more demand and interest for such courses that teach the practicality of applying CSR and CG principles in the company”.

Another NGO manager agrees with this point, and confirms the influence of such an approach on the events that he organizes for his company:

“We show the success stories of the famous entrepreneurs like Mohammed Elsewedy [and] Mohammed Moemen, whose project size is 500 million plus. These entrepreneurs share their success stories. They talk about how the idea of their business came to them, what obstacles they faced, either in the distribution, marketing, or in finance and how they solved them, how much was the capital they started the business with and how did they grow the business, the useful lessons they learned from their experience and most importantly how and why they give back to the society. We have found that these talks are really inspiring for young entrepreneurs”.

4.4.5 Government’s role in shaping CSR cognition of SME owner-managers

The role of Government in creating an enabling environment for CSR, by recognizing the social activities through offering public political support for sustainable practices is also vital. One participant suggests using award schemes as a meaningful way of support:

“It is important to recognize the CSR efforts of a reputable NGO, a business, small or large. This can be through a council that assesses the social performance and offers awards accordingly, symbolic or financial because in Egypt, people like to copy each other, peer pressure is very strong, so we need to trigger that peer pressure, and recognition is one way to do that”.

It can thus be concluded that Government policies (i.e. rewards) in favour of these goals can also cultivate basic norms of environmental and social practice, through capitalizing on locally relevant incentives for compliance. This includes society or peer group pressure at the local level. Another participant confirms this view, suggesting:

“You can do something like a level of certificates and tell a company that if it does, say, one, two, three, four, five till 10 CSR activities out of those 20 in a list, it will be CSR certified in Egypt from this association, and people will start remarking on something like this. A certificate with a logo that the company can put on its business card or on its website that shows that it is CSR certified will prove that it is socially committed. That will encourage others to gain the same status. There should be an association managing something like that and promoting it”.

The value of this symbolic recognition is acknowledged by a medium-sized company manager who applies CG and CSR principles in his company, and who is widely communicating these initiatives through the company website:

“We got governance prizes. We started application in 2006; in 2007-12 we took prizes from EIOD, Ministry of Investment, Egyptian Stock Market, and IFC. There is an annual competition where they judge all the company websites and they have many criteria. We ranked third. A year after we had started applying governance and CSR principles we took an honorary award for our achievements in these areas. This was although we hadn't reached the level of the large companies who had taken the prize before us. Then we became 3rd, 2nd, and then 1st. This is also reputational wise, how would you feel if you are in a conference and then they announce that you had [been] awarded something like this? You feel

extremely honoured and proud of your company. We feel intangible benefits more than the tangible ones”.

This quote shows how recognition of socially responsible companies can not only enhance their reputation, but can also cultivate social capital aspects in terms of identification and respect for the company. One participant acknowledges such benefits:

“When we started applying CSR in our company, we had more employee retention. You get a sense of belonging, all employees have changed their awareness - they feel more like owners”.

Recognizing the significance of economic incentives in encouraging SME CSR engagement, financial incentives are advocated as a critical motivator for engagement. One participant offers an example that demonstrates the significance of fiscal motives:

“Without the financial motive, you will not be able to create a proper CSR. Years ago Egypt used to export 300,000 million tons of oranges, now the number has tripled, because the Government is now subsidizing orange exports. That created an economic incentive that increased the production of oranges and in turn their export. Similarly, if for every pound you spent you will get two in tax deduction, this will definitely motivate owners”.

The findings make clear the peculiar and unique conceptualization and motivations of CSR in the Egyptian context. For many, CSR is perceived to be a demand-led, reactive, and sometimes precautionary and defensive concept, rather than being deployed as a strategic move. The above discussion illuminates the context through which CSR is operationalized, and the macro, meso and micro influences on its manifestation. It is essential to examine the final impact of such manifestations on the sustainable development of society. The ensuing CSR approaches and impact will be discussed in the following section.

4.5 Impact of current CSR practices by SMEs on society

There is a good level of consensus amongst participants that society is in desperate need to improve health and education, combat child labour, improve working conditions and fight corruption, in order to eradicate the high levels of poverty faced by the country. However, the aspects of social capital (i.e. moral obligation, trust, etc.) are what govern SME relationships, rather than laws or regulations concerning their operation and social practice, as evidenced in the previous sections. The majority of interviewees mentioned that their engagement is based on the day-to-day situation in response to the immediate needs of either their internal stakeholders, such as employees and customer suppliers, or to the surrounding community in the form of donations and charitable giving. This has been triggered by a gap in the Government's provision of basic social services. This gap has produced an increase in general philanthropy, inspired by religious and cultural values, which seek to address social distress, as discussed earlier. As a result, the scope for an effective role of business in society appears to have narrowed to a philanthropic mode of social engagement that is removed from the core business activity, resulting in sporadic ways of addressing social concerns.

An SME manager of a landscaping company describes the nature of his social initiatives as follows:

"There are no formal policies governing these activities in my company, just informal and depends on the situation".

The need to conform to religious and cultural obligations and expectations of society has resulted in this sporadic type of involvement. These expectations are based on the understanding of what socially responsible actions are. Society lacks such understanding. Absence of common understanding of the meaning and benefits of sustainable practices among the business stakeholders therefore hampers the managers from reaching a common ground over what they perceive as socially responsible. Some participants' CSR approaches reflect a broader business orientation; however lack of awareness

in the business community hinders collaboration towards sustainable social actions, as one SME owner-manager explains:

“I wanted to create a sustainable business model for CSR. For example, a widow who cares for two children, instead of giving her 200 pounds in cash each month as most of the people tend to do, I sponsor her by sending her to learn sewing and give her training and give her all the supplies she needs to make some products, and for each item she produces, I will give her a certain amount of money for it. I will take her products and sell it for her because I have the management tools, accountant, and salesperson. I wanted to do that in a large scale. And this model can be applied on leather products and others. This model can create a real impact on the community. But the problem is that for this CSR model to succeed and to be practical, it needs people with the same mentality like us to be involved. It takes time and money that I can't sacrifice to do these projects all by myself”.

A medium-sized business owner-manager encountered the same problem in his efforts to engage customers in implementing green aspects into his business operations:

“There are other kinds of material that is environmentally friendly and that I can use, but it will add to the cost and alternatively to the extra price that the customers have to pay, that they will not because of the environment. They will always look for the cheaper prices”.

Another entrepreneur refers to the lack of common societal understanding of social and environmental efforts as a major challenge. He demonstrates how it influences his environmental endeavours:

“I think we may need 10 or more years for that awareness to increase and thus for the Government to impose more laws and regulations on different industries...From the manufacturer's viewpoint, there must be a market need, but now it is only in certain neighbourhoods, where many foreigners reside, do we find a demand for products that preserve the environment. For this market, we are introducing a new line named “Eco”. We are working on releasing

biodegradable pens. Also some importers demand that products are being produced according to certain environmental standards. Although there are some initiatives that raise environmental awareness, the process has just recently started and it is a matter of time before we see more industries integrate more policies that better preserve the environment”.

One NGO manager advocates the need to spend Zakat money on community development:

“If we applied the Zakat system fairly and strategically, this country will be one of the richest ones in the world. But the way that it is applied now, is that people spend their zakat money haphazardly in order to fulfil their religious obligations, in a way that does not lead to a real sustainable development”.

Such pressure extends to civil society organizations, which lack awareness and practise CSR in a philanthropic manner to solve the short-term economic problems that do not yield to any kind of human or economic development. A manager of a developmental organisation observes:

“NGOs in Egypt are still very short-sighted in their practices. They are concerned about providing short-term solutions. They focus on giving pocket money to the families that they help, not on developing them. They prefer to give each family 50 pounds regularly every month to spending like 2000 L.E on sponsoring the education of one person in a family that could sustain himself and his family in the long-term”.

The danger of such a philanthropic, haphazard model of giving in the development of society is the creation of a dependent society:

“The other part of CSR that all people do is the religious aspect where people donate money for the needy on a regular basis. This creates an always dependent people on the society, who will never seek development. Because when someone gets a regular income, they don't feel the urge to develop themselves”.

An NGO manager similarly confirms this point:

“The thing is in Egypt the people who claim that they are poor some of them became really dependent on the donations and you can discover that they are lying when you start asking them about the details of why they need the money, so they leave and knock another NGO door and so on”.

The absence of a concrete **CSR national plan** to synergize and harmonize these individual efforts is arguably the reason for such sporadic engagement. The current collaborative efforts to these ends are fragile at best. CSR initiatives in the Egyptian context suffer from lack of a systematic infrastructure that induces collaboration and cooperation, as explained in the structural social capital theme. A manager of a developmental organization confirms this:

“There’s a gap between the two parties, the civil society and the private sector, and the Government isn’t really helping in that respect”.

Participants recognize the value of the growing strategic CSR activities undertaken by some actors, but they note that even these efforts are still individual in nature, and do not negate the need for collaboration in order to have real impact:

“There are some good initiatives, for example ‘Endeavour’, is an NGO that brings professional businessmen that donate their expertise and time to do consultancy for young or new entrepreneurs and help them in doing a good business plan and so on. The picture is not that bad but the problem is that there is no synergy and there is no strategy, there no vision that has a plan, and there is no KPI (keeper former indicators)”.

Within the same context, another entrepreneur adds:

“If you look at the impact of something like that (i.e. ECSRC), it is not huge. We are talking about a few millions spent through this initiative, which is not much compared with what we really need in order to have a real impact.”

An owner-manager quotes an example that reinforces the same observation:

“A friend of mine who is a successful and wealthy entrepreneur, is initiating a project with a goal of self-sustaining the poor villages in 100 days. He will take a tour in these villages on motorbike to help them be self-sustained. It is possible and practical but it is very difficult to be done alone. All these are individual trials”.

The reason for such a philanthropic and individual mode of engagement is agreed to be related to the lack of a national strategy or policy on CSR, as an NGO manager explains:

“To make the story short, all what you will find in terms of CSR, is individual efforts, there is no strategy, and there is no policy. These initiatives are either someone is giving something for charity to fulfil his religious obligations, or another entrepreneur who is doing it for cause-related marketing purposes. It is just few initiatives here and there, but not a national strategy that these companies are following, which I believe should be the case if CSR is to flourish in this country”.

Creating a cause which everyone believes in, through directing the whole of society towards a common CSR national goal, can create social capital that fosters cooperation and helps to generate a sense of belonging in the drive for positive change:

“Unless you create a cause and a motive, CSR will not succeed.....The same like what happened in Tahrir square, everyone believed in the goal, and it became a national common goal, and everyone participated in making it happen and it did happen”.

Another participant confirms:

“We need someone who has a vision and set a plan to that vision and evaluate the performance of that plan. The Government is the one who can do that. Ministry of Investment, Ministry of Finance, and Ministry of Industry should all be involved”.

4.5.1 Value creation through strategic philanthropy

It can be observed from the above quote that some actors have started to realize the dangers of the philanthropic model of giving, demonstrated by the initiatives mentioned in the interviews that attempt to introduce CSR in a more structured and organized way. Participants hence called for the transformation of philanthropy into strategic initiatives, which they believe to be a tool to alleviate poverty and uplift the community. By capitalizing on the existing social solidarity bonds and religious values, they could reach that end. A developmental organization manager believes:

“It would be very ironic for us to try and change the world, philanthropy is all over the world. It’s ironic to say philanthropy is wrong, because people will do it anyway. Instead, let’s do responsible philanthropy, instead of just giving £1 million for an orphanage, let’s take the million pounds and do a proper responsible investment that will benefit the society in a sustainable way”.

Others mentioned the need to replicate the success stories of other developing countries in this respect. One participant affirms:

“We should find innovative ways that could really impact our society, similar to Mohamed Yunis’s, Nobel Peace Prize winner, when he introduced the microfinance economic model in banking. This serves not only small entrepreneurs but also poor people; they borrow money and make projects that not only help themselves but also help the economy”.

Acknowledging the importance of CSR practices that lead to the sustainability of society, new signs of increased awareness have developed in the last few years. Another sign of improvement is the growing trend for socially responsible investment. One manager appraises such initiatives and calls for educating the different actors on such an approach:

“There is now a growing trend for something called social responsible investment and it has a certain set of principles. It has to be responsible, it has to be measureable and it has to be something transparent.

The African Bank has a huge model on that. They took international standards and customised them. They did their own model, or foundation. The bank is responsible for paying for all the overheads and other expenses of the foundation. So they have created this vehicle where people invest one pound, not just 50%, not just 70%, the entire pound goes to the project. And they work on improving the health and education standards in Egypt. So this is one of the projects that make sense and make a difference in the community”.

Later in the same interview she adds:

“The main challenge for us now, we want to make people understand that it is the social responsible investment that the society need and how they can invest in the community in a way that has a long term impact instead of just giving money and walking away as is happening now”.

Another change is demonstrated by the new religious direction for spending Zakaat money. The Egyptian Islamic mufti, for example, has advised Muslims to direct a portion of their zakat contribution to sustainable means of giving. An NGO manager refers to this change of mentality thus:

“The mufti, made fatwa that the seven sources that God specifies for Muslims to pay their zakaat money for, the 7th item, which is entitled ‘for the sake of God’, is an open source. Human development, education, etc. could be under this category, [with] no need only for zakat money to be in the form of charitable giving or monetary donations to poor people, educating and developing them can be a source that zakat money should be spent on. He considered that R&D and research lies in the category of ‘for the sake of God’. And the media started to market that and feature the mufti on TV while he is promoting this new sustainable direction of spending zakat money”.

In response to the growing awareness, some NGOs have embarked upon strategic initiatives that target the most pressing social gaps in the research context, in an effort to enact sustainable development projects, instead of simply providing donations to the poor, as traditionally practised. One

manager explains the means by which his association directs its CSR towards human development:

“Starting from ‘Adopt a village’ initiative, the private companies started to become attracted to participate in our projects. According to this initiative, we start first by forming a ‘human structure’. I am not saying infrastructure or even sewage system, I am saying a ‘HUMAN structure’, meaning that we help people to live in a decent house, have water and electricity. A developmental project does not only entail that I give you money to start your small business, giving a redemptive device to a lather that lost his legs to allows him to stand up on his foot and work again is what also we consider as a developmental project. Another example of what we do, when we help in an operation to transplant a heart valve for a carpenter; he will be able to be a productive labour again. If I helped in restoring a person’s sight again, he will be able to work as a taxi driver, barber etc. So the nature of all our projects is developmental in that sense”.

Another example of a sustainable initiative that adopts a collaborative approach is mentioned by one of the interviewees:

“The Food Bank formed a big association from all the companies and now there is an organized process of giving to the society that is structured in an attempt to make it more generic and stems out of a national cause. Before, it was very random and some NGOs were only serving their political or religious agenda”.

These sustainable initiatives extend to private businesses. Some companies pursue CSR projects that are strategically aligned with the core mission of the company:

“We can see successful examples to this like Danon’s, they didn’t do their own farm in Egypt, instead they went to the local farmers and they built up capacities, they gave some hygiene courses, and they built and upgraded their entire community, and they fund an entire supply chain for their projects”.

SMEs have joined the movement, and some of the companies interviewed seem to be motivated and inspired to integrate strategic philanthropy into their business strategy:

*“An example of a strategic type of giving is that of the owner of * group, who produce the paper and wet tissue products. He partnered with Resala NGO, when his company grew to a medium-sized one and started to face problems with the employment. He wanted more employees to distribute his products. So what he did is that he used the volunteered labour at this NGO to distribute his products and in return he donated 20% of the profit of each packet they distribute to this NGO. This is for me CSR, it is a strategy, and it is a win-win process”.*

Similarly, providing services needed for the intellectual development of society is perceived by one owner-manager of an IT company to be his role in developing the community and creating value in society:

“I think my business is developing the society because it helps companies and Government to improve their performance by using the latest technologies that my company provide”.

Inculcating values that promote CSR culture is one motivation for SMEs' social engagement. SMEs are motivated to contribute to society through providing products or services that help in changing these values. This, they believe, can lead to human development, and is a major CSR challenge in the Egyptian context. One entrepreneur clearly illustrates this point:

“By educating the society, parents and young people about new concepts and how you want to set new values for the generations to come, the society will be better. Youth are not able to value work to provide for their needs. For example, a young man whose parents pay large sums of money for his private education cannot go and make this amount of money by himself if he doesn't know the value of it. What we want to do here is to educate people and change their culture and this is what I can see as our social responsibility”.

Another IT entrepreneur elaborates on her innovative means of creating shared value in society:

“I wanted to start a project that improves children's behaviour by motivating them to be more productive and at the same time rewards them for their progress. Our product is basically a web-based platform that uses the virtual world to bring parents and their children together. It is important to help the child to work to achieve his dream. This is the concept we want people to understand; that they have to work to get what they want. This is an online reward system, all the children need to do is find a reward they want, tell their parents about it, and work towards it by doing tasks that their parent assign for them. The child has virtual currency which he collects after each mission.... Money is important for sustaining our business, but this is not the most important goal we have. Had it been so, I could have made an easier project like the online toy store. It provides easy profits, but it is all about the value that we provide”.

It can be concluded from this section that the traditional method of giving which prevails in Egypt - of disbursing welfare benefits directly - is slowly becoming replaced by SME attempts to develop the means for sustainable self-reliance amongst poor communities. This demonstrates an increased level of awareness of the scale of social and environmental problems. Growing awareness among SME owner-managers and their response to social issues is evident in this study, as the following quotes by two different entrepreneurs illustrate:

“The awareness of the society increased, and we wanted to have something in order for people to say that our company may not be the most successful company in Egypt but they are a socially responsible company that addresses the local needs. This is the image that we want to give to the upcoming generations”.

“CSR for us started with just slaughtering sheep to give it to the poor, but we realised that people's awareness has largely increased towards the social and environmental issues, so when we saw that the CSR activities that we are doing are ad hoc, we

started to think, 'why not put this into the DNA of the business'?"

Such awareness results in, and is a result of a common and shared understanding, between the SME owner-managers and the community, of what is perceived as socially desirable behaviour. SMEs are showing willingness to invest resources in the form of CSR activities to establish this common ground. They perceive that reaching a cognitive common ground facilitates potential future benefits at the meso-organisational level, as reflected in the words of an owner-manager of a travel company:

"Because we are a small company, we have limited bandwidth in terms of communications, PR, and marketing but eventually we want to communicate all those activities to people (carbon-neutral, how we treat our employees, how we treat the people in the host countries, etc.), so people associate our brand with all those things. This becomes our competitive advantage, people would want to travel with us, because they share with us the same values; they care about nature and community, and they believe that they have a role in the community that they operate in".

4.6 Conclusion

This chapter has fleshed out the findings of the research, addressing the research questions by reflecting on how the CSR phenomenon is conceived and practised from an SME perspective. It presented the factors influencing the SME owner-managers' conceptualization and engagement, as well as the main CSR challenges that are profoundly impacting society.

The analysis of the findings reveals that CSR is, indeed, a complex phenomenon, which can be understood from a multi-level perspective that links the micro-level conceptualization and motivations to meso-organizational practices and macro-contextual dimensions. In this respect, it defines how the macro-contextual aspects that shape the needs and priorities for sustainable development have been transferred into obligations on business social activities at the micro-individual level, and translated by SME owner-managers into actions at the meso-organizational level.

At the *macro level*, social inequality, poverty, abuse of power, corruption, deteriorating working conditions, unemployment and human development are the main factors and challenges which may deter SME engagement in CSR.

At the *micro level*, the participants' experiences suggest mixed results for the conceptualizations and motivations that influence the manifestations of the CSR discourse.

At the *meso-organizational level*, the analysis highlights the challenges inherent in operationalizing and implementing the above mentioned CSR initiatives. The institutional and regulatory environment is notoriously burdensome, hampering SME engagement in the CSR debate. There seemed to be a consensus on what constitutes a disabling environment for CSR. The challenges highlight the crucial mediating role of the Government in establishing and fostering a supportive environment for CSR. The key to such an environment is the building of trust. CSR needs to be underpinned by governmental and business accountability to foster trust. Any enthusiasm by SMEs to engage with current or future CSR initiatives on the basis of potential converging interests has, therefore, to be reciprocated by mutual commitment from all actors (civil society groups, NGOs, Government) to adopt transparent mechanisms.

The *overall impact* of CSR on society has been highlighted. The findings reveal that CSR is crucial for the development of Egyptian society and for value creation. SMEs play an important role in society by helping to solve social problems, alleviating poverty and aiding human development. A weak educational infrastructure, poor health services, support and community activities for employees and their families are some of the human developmental needs which SMEs can help to alleviate. However, Government failure to address social problems places obligations on SME managers to practise CSR outside the sphere of their own operations in order to address these needs. Such perceived external pressure has resulted in a fairly typical philanthropic drive for participation in community projects or charitable causes, which tends to be performed in a sporadic fashion.

The findings will be discussed in the next chapter, by revisiting the theoretical perspectives adopted.

Chapter 5: Discussion; towards a multi-layered framework of CSR in a developing country

5.1 Introduction

Building on the analysis of the findings in Chapter 4, the aim of this chapter is to discuss the research findings in light of the previous literature reviewed in Chapter 2, structured by the multi-layered framework that has guided the research process.

Three layers of analysis inform the findings about how CSR is operationalized in the Egyptian context. There is indeed interplay between the micro-meso and macro layers, as established in the previous chapter, and the interpretation of the findings addresses the overall research question at the intersection of these layers. The overall research question was set as: ***“How is CSR conceptualized and operationalized in the Egyptian SMEs and what is the impact of this on the broader institutional and societal levels?”***

The way in which the research findings compare and contrast with the existing literature is examined, and the CSR definitions populated in the literature revisited and debated. A new definition and meaning for CSR that reflects the Egyptian experience will be proposed. Figure 5.1 outlines the structure of the discussion chapter and linkage between the sections to the research objectives addressed in the current study.

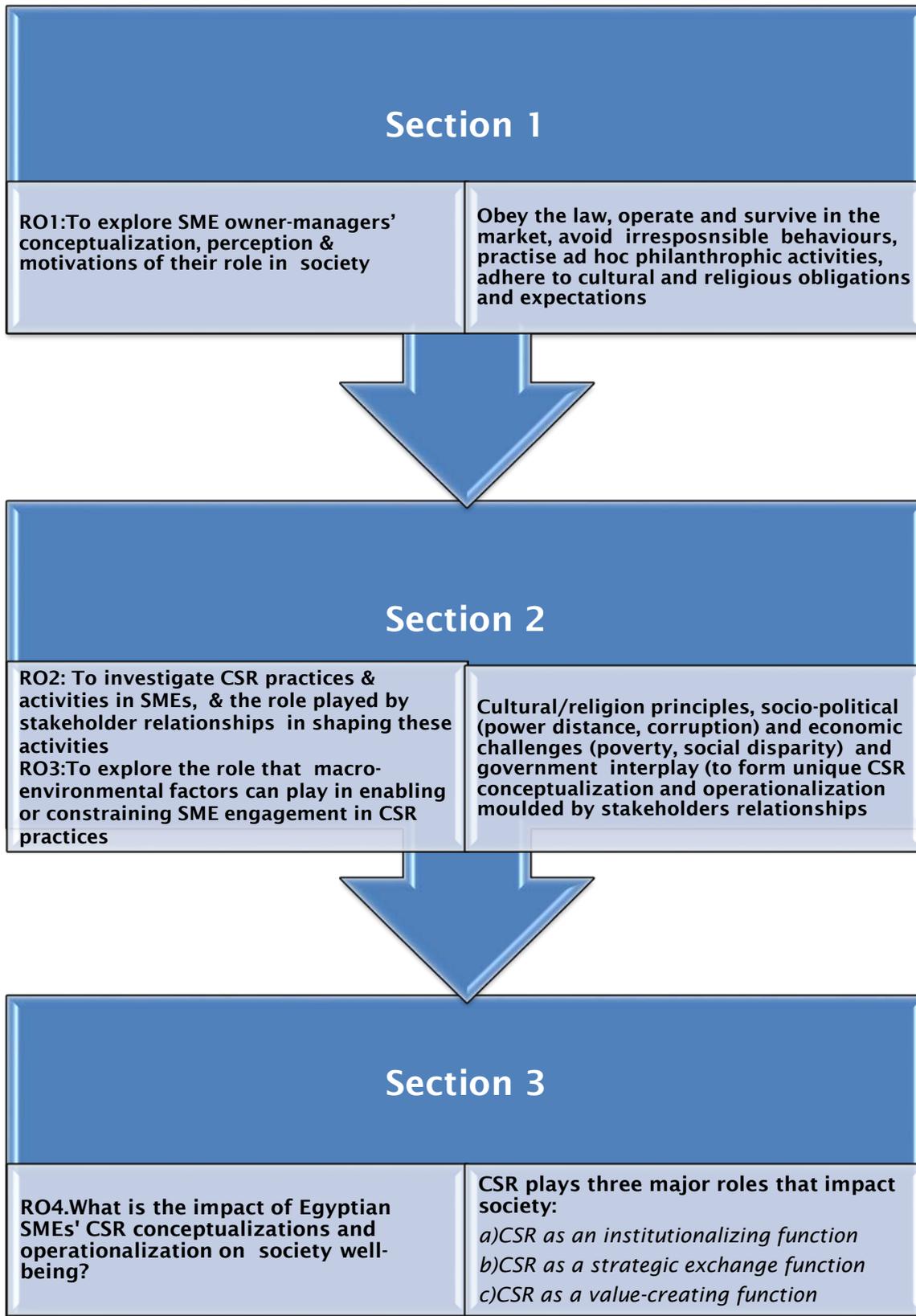


Figure 5.1 Structure of discussion chapter and links to the research questions

5.2 CSR in the Egyptian context

5.2.1 CSR definition in the Egyptian context

The findings demonstrate that CSR is a context-specific phenomenon, and delineate the interplay between the three levels of analysis in shaping the CSR concept, with particular reference to the Egyptian context. Before addressing the way in which the three levels intertwine, we need to address the first research question: *“How is CSR conceptualized by the Egyptian SMEs?”* The next section moves on to the reasons behind such conceptualization and the factors shaping it.

Given the contextual specifications discussed earlier, CSR has a particular meaning in the Egyptian context. These particularities impact on its operationalization by SMEs. The discussion below addresses these particularities, and contributes to the literature by showing how CSR in the Egyptian context differs from the conventional Western conceptualization presented in the literature review chapter. The ensuing section takes the discussion a step further, by examining the broader macro-contextual dynamics that shape such distinctive conceptualization.

The first implication of this peculiarity concerns the essential *“voluntary”* nature of CSR. By examining the various definitions of CSR populating the literature in the last few decades, the conclusion drawn in the literature review chapter is that CSR acts as a voluntary intermediating factor between business and society, where CSR goes *“beyond”* simple compliance to regulations. For example, the most cited definition of CSR, proposed by the European Commission (2001), defines it as *“a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”*. This does not differ much in essence from the early and contemporary academic definitions that proliferate in the literature. For example, (Davis, 1960, p.70) defines CSR as businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest. This was echoed by McWilliams and Siegel (2001).

Although one cannot deny the significant role that these conventional definitions have played in developing a new paradigm for business-society relationships, they do not apply to every context equally. In particular, they do not pertain to the Egyptian context, as the findings of the current research suggests.

One can confirm these observations by analysing CSR definitions in the Egyptian context, as opposed to general Western settings. For example, Carroll (1979) definition, as discussed in Chapter 2 Section 2.3.4, categorises business responsibilities into *economic, legal, ethical and discretionary*. According to Carroll (1979), CSR takes compliance with legal requirements and economic performance as the basis for business social responsibility. Going beyond these responsibilities (i.e. ethical and discretionary) constitutes the social responsibility of the business, according to Carroll (1979). As stated above, most academics and practitioners in Western societies view CSR in the same way. In fact, these two categories (i.e. *ethical and discretionary*), and what they entail, have been subjects of debate in the CSR literature of the last few decades (Carroll and Shabana, 2010).

Putting Carroll's (1979) view in the context of developing or emerging economies, the *legal* and *economic* domains of CSR need to be debated as well, considering the distinctive nature and scope of business social responsibilities in developing countries. Carrolls' (1979) definition implies that economic profits are a necessary means to an end. Interestingly, in the Egyptian context, economic performance is an end in itself, and being profitable is perceived to be a social responsibility towards company stakeholders, especially the employees and their families. This is not surprising in a society with an unemployment rate reported at 11.9% in 2010 (UNDP, 2010). Therefore within the economic domain, the Egyptian context differs from the definition offered by Carroll (1979). The majority of the participants expressed the view that furthering social and economic development by providing employment for the underprivileged matches their definition of CSR. This is mainly because one of the greatest economic and social challenges in this context is the deterioration of employment standards and the exploitative and illicit conditions for workers. This view is not uncommon in developing

countries, where CSR acts as a social buffer, the role of government to solve societal distress having diminished in scope (Scott, 2014). Nevertheless, Carroll's (1979) view of a business as an economic entity concerns responsibilities that are different in scope from those involved in the current research context. The economic dimension is indisputably a part of CSR, but the way this dimension is perceived and its relationship with CSR differs greatly between cultures. For some, as in the case of Egypt, it merely suggests profit-making, whilst for others, it extends to activities that create value for society. For example, it might include responsibilities such as the promotion of technological advancement, or the discovery of new resources. As well as the normal return on investment, additional benefits may include the provision of fair wages, consideration for career paths and personal development, and employee health and safety and well-being in terms of work-life balance (Carroll, 1979). Therefore, even within the economic domain, the nature of CSR responsibility in Western societies goes far beyond what is expected from businesses in the Egyptian context. These differences are depicted in Table 5.1.

This unique situation stems from the distinctive needs of the Egyptian society. Since the idea of CSR assumes that society and business are interwoven, rather than being separate entities, society has particular expectations of proper business conduct and outcomes (Weaver *et al.*, 1999; McWilliams and Siegel, 2001). Most businesses tend to operate according to these expectations, which are largely determined by context-specific factors. These factors include socio-economic disparity, poverty, unemployment, and altruistic and religious principles that conform to societal obligations (**relational SC**) and represent the main driving force for CSR in developing countries. Coleman (1988) views these obligations as expectations arising from particular personal relationships. Because of their embeddedness in the community, such expectations are generally more salient among SMEs. This is because individual values and beliefs, as opposed to corporate policies and rules, play a major role in deciding on the CSR initiatives of businesses (Hemingway, 2005). This explains the difference in the nature and scope of CSR responsibilities in the economic domain.

With regards to *legal* responsibility, contrary to Western conceptualizations of CSR, participants mentioned compliance with the law, which is another taken-for-granted responsibility according to Carroll (1979), and necessary requirement for the socially responsible business. This definition is explained by Fox (2004), who notes that in high-income economies, where companies operate in a strong regulatory environment, adherence to legislation is often taken for granted in the CSR debate. Carroll (1991) considers CSR as a partial, rather than a total fulfilment of the social contract between society and business. By contrast, in the research context, law enforcement is weak, non-compliance, tax avoidance and fraud being the norm rather than the exception; abiding by the rules and regulations is deemed to be the manifestation of a socially responsible company. This situation highlights how the legal domain of CSR is viewed and interpreted differently in the Egyptian context.

Delving deeper into the reasons for such a distinctive interpretation, one can claim that the institutional setting plays a significant role in this respect. In the Egyptian context, the institutional environment, with its weak governance and law enforcement mechanisms, concentration of power and social polarization, creates opportunities and all forms of structural incentives for businesses and other actors to benefit themselves at the expense of society, and to consume societal resources. Tax evasion, as mentioned by many participants, is one prevailing example of such malpractice that subverts social well-being.

Moving on to the *ethical* and *discretionary* domains, conventional CSR definitions encapsulate the concept within a voluntary framework, in the sense that it goes "*beyond*" what is required by the law. Achieving full integration of social and environmental concerns implies that the ultimate purpose of a business is the enhancement of social welfare. In light of the above discussion, one could claim that, in reality, this is not always the case, at least in the Egyptian context. Egyptian businesses operate in a setting where compliance with CSR principles is largely voluntary, and so many businesses, specifically SMEs, lack the necessary dedication of purpose in their social responsibilities.

Nevertheless, Wood (1991) aptly points out that the incentives for undertaking philanthropic contributions, as a main building block of CSR, hinges upon

individual expectations of the consequences of those investments. Consistent with the same rationale, social investments may decline when an SME manager does not perceive that his contributions can help or benefit or improve society. In developing and emerging countries, where corruption is common, it is usually the case that the highly corrupt governmental and political actors embezzle the local and global philanthropic funds received from national, multinational or international entities (Transparency International, 2004). Thus, in a setting perceived by SME owner-managers as corrupt, and alarmed by their concern over governmental and political embezzlement, they are more likely to reduce their philanthropic contributions. Table 5.1 summarizes the main differences between CSR interpretation in Western societies and in Egypt.

Table 5-1 Differences between Western and Egyptian CSR conceptualization

CSR domains	Western conceptualization	Egyptian conceptualization
Economic	<p>Means to an end</p> <ul style="list-style-type: none"> • Entails strategies, policies, & management tools (reports, audits, standards) for putting CSR into practice that lead to economic benefits. • Product & service innovation • Employee development/empowerment/equal opportunities • Employee development & well-being (fair wages, workers' rights, work-life balance) 	<p>End in itself</p> <ul style="list-style-type: none"> • Survival/operating in the market • Address poverty/inequality • Provide employment • Provide above market salaries that match inflated cost of living
Legal	<p>Obeying the law is taken for granted/ default</p> <ul style="list-style-type: none"> • Regulatory framework governs social behaviours (labour laws, environmental protection laws, corporate tax laws, discrimination laws etc.) 	<p>Obeying the law is CSR</p> <ul style="list-style-type: none"> • Avoid operating in ways that subvert the law/avoid irresponsible practices (fraud, bribery, nepotism, favouritism, cheating, child labour, environmental pollution, tax evasion) • Pay taxes, adhere to environmental, labour & work standards.

CSR domains	Western conceptualization	Egyptian conceptualization
Ethical	<ul style="list-style-type: none"> • Do what is right & avoid what is wrong according to legal & global ethical standards • Expression of social identification (giving back to society) 	<ul style="list-style-type: none"> • Do what is right & avoid what is wrong according to religious & cultural traditions & social expectations • Bribery & corruption prevention • Sympathy towards poverty • Moral obligation to address government failures
Philanthropic	<ul style="list-style-type: none"> • Sustainable philanthropic practices embedded in core business strategy • Environmental protection • Volunteering/sponsorship cultural, educational domains • Good citizenship by improving the community well-being • Human (employee) development 	<ul style="list-style-type: none"> • Ad hoc isolated practice detached from core business strategy • Fulfilling religious & cultural obligations Zakat/Ushur • Charitable giving • Immediate response to addressing poverty (e.g. helping the disadvantaged)

This debate raises the critical question which evolved during the research findings, and which is covered in the literature review chapter, namely *“Is the discretionary Western style of CSR effective in the Egyptian context?”* Or, to put it another way, *“Can SMEs fully define and identify the CSR practices stemming from their cultural and religious motivations without structural enforcing mechanisms?”*

The Western approach to CSR is characterized by a discretionary stance, which does not work in the context of Egypt. Unless institutions are in place to mitigate the predatory and opportunistic behaviour prevalent in society, Egyptian firms will continue their irresponsible behaviours (Vogel, 1992). This conclusion partially challenges that of Solomon (1994), who states that laws and regulations can neither legislate morality nor define ethics. If this holds true, what is the reason for the rapid political move towards institutionalizing CSR in Western countries, manifested in the big steps undertaken by the authorities of these countries? Examples include: the UK’s appointment of a Minister for CSR (as also cited in the interviews), the movement in France to

institute mandatory social reporting standards, and the Danish Government's establishment of research institutions concerning CSR (Luetkenhorst, 2004).

Therefore, it can be asserted that simply relying on what (Carroll, 1991, p.41) describes as "*codified ethics*" of society in managing business-society relationships, will fail to achieve the same objective in the Egyptian society. This is mainly because such a view rests on the assumption that these relationships can be managed by a free market mechanism, rather than a regulatory framework. However, if these mechanisms do not exist, are deficient, or do not reward responsible behaviour, this questions the ability of such a voluntary approach to achieve its purpose.

The discussion above leads us to the conclusion that this specific operationalization of the concept occurs largely because CSR is still regarded as a non-institutionalized construct, and is conceptualized as a mainly philanthropic phenomenon in the research context. It is important to consider the institutional environment (i.e. cultural, legal and political) in CSR analysis, because the institutional setting defines the way in which businesses attend to the needs of society and treat their stakeholders (Fligstein and Feeland, 1995; Hall *et al.*, 2001). In other words, it influences the way in which CSR is operationalized. The discussion in the ensuing section aims to address the second research question, which is: "***What are the macro factors influencing SME CSR engagement and how can they influence such engagement?***"

5.2.2 Multi-layered dynamics of CSR in Egypt; social, political, cultural embeddedness of CSR in SMEs

To address the above research question, social capital theory has been adopted within a multi-layered level of analysis as the underlying framework for the current research. The main objective is to study CSR through key social capital dimensions which encompass "*structural social capital*" and "*relational social capital*" at the meso-organizational level, and "*cognitive social capital*" at the micro-individual level. The influence of the "macro-contextual dynamics" on each of these dimensions is examined, together with their role in shaping socially responsible behaviours and commitments.

Drawing on the factors identified that shape CSR in the Egyptian context, the rest of the chapter presents a discussion of findings in the light of Figure 5.2, which defines the multi-layered dynamics of CSR in the Egyptian context. This figure clearly reflects the characteristics of CSR in this context, and thus contributes to the existing literature.

The analysis of the fieldwork material presented in Chapter 4 revealed that SMEs have a close connection with the context in which they are operating. The cognitive dimension of social capital at the micro-individual level is closely intertwined with the relational dimension at the meso-organizational level, where the shared meanings of what is perceived as socially responsible behaviour between SME owner-managers and society influences their CSR motivations and activities, both within the business, and in the surrounding community. Such connections are mapped in Figure 5.2.

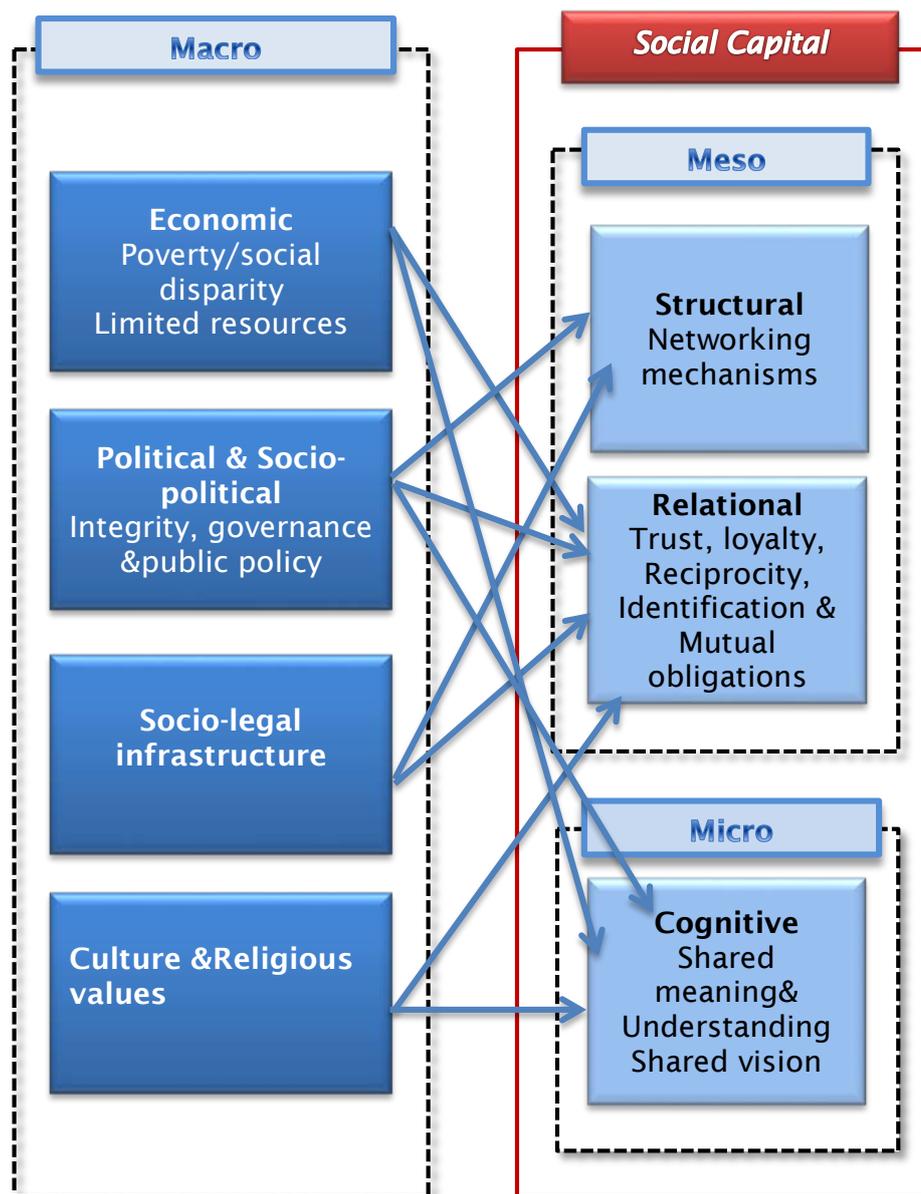


Figure 5.2 Multi-layered dynamics of CSR in Egyptian SMEs

Examining the second research question, mentioned above: *“What are the Macro-contextual factors that influence SME CSR engagement and how can they influence such engagement?”* the analysis demonstrates a keen interest on the part of SME owner-managers who participated in the research to join the CSR movement. However, the current macro-contextual environment within which SMEs are forced to operate mitigates their potential for engagement, and promotes exploitative practices that lead to negative externalities, rather than sustainable, responsible practices. It is clear that the socio-institutional context in which SMEs operate largely determines their attitudes towards, perceptions

against, and nature of, such CSR activities. These conclusions confirm the closing argument in the previous section relating to the importance of considering the socio-institutional context in CSR analysis (Campbell, 2007; Marquis *et al.*, 2007; Jamali and Neville, 2011; Neville *et al.*, 2011).

The findings from the interviews delineate such macro challenges as economic shortfalls, corruption, political instability and weak educational infrastructure, all of which contribute to a non-supportive environment for CSR. Aligning with these findings in linking responsibility to entrepreneurial strategy, (Wickham, 2004) identifies standard constraints, describing the actions of businesses, (e.g. over legal and economic issues), and suggesting that the entrepreneur has discretion over the responsibility he sets for his company's products or services, and the way he manages their impact on the environment. This applies to the Egyptian context, whereby the macro-contextual dynamics influencing CSR engagement include *cultural, socio-political* and *economic* factors, as shown in Figure 5.2. These factors, which define SME owner-managers' CSR engagement, are explained from a social capital perspective in the following section.

5.2.2.1 Cultural and religious influences

The ethical and social behaviour of individuals is highly intertwined with the national culture. According to Bodley (2011), a central characteristic of culture is that it is learnt by individuals, and resides in learnt behaviours that are common to a given society, and shape the consciousness prior to behaviour. Social actors carry within themselves patterns of thinking, feeling and potential acting that have been learnt throughout their lifetime (Hofstede *et al.*, 1991). It hence has both micro and macro dimensions, being a shared set of meanings (Appadurai, 1990; Shome and Hegde, 2002). It also functions as a base for mutual understanding between individuals in a given society (micro-meso), and is thus constituted through everyday social interactions, where it is then transformed over time into more established macro relations among individuals (Mitra, 2009). These dimensions in turn influence the constitution of the meaning of CSR among SMEs. That is, CSR discourse is about a way of thinking and pattern of lifestyle that is culturally determined. Therefore, culture and sustainable social practices go hand in hand (Packalén, 2010).

Nonetheless, Kim and Kim (2010) point out that CSR can vary, depending on different cultures and countries, and highlight the significant influence of the different cultural values in CSR manifestation.

Against this backdrop, the research findings reveal that the Egyptian cultural heritage shapes the predominant cultural values that govern relationships and influence social commitment. Definitions of social engagement are still very culture-specific, and derive from historic patterns and relationships inspired by shared cultural norms. **“Solidarity”** continues to be of paramount value, and mostly overrides any other societal norms in the Egyptian context. Egyptians are historically known for their resilient social bonds and inherently philanthropic disposition. Money is habitually utilized to offer food and clothing to the underprivileged, or to enable health and educational services.

The traditional cultural values and deep religious beliefs inherent in Egyptian society are the main sources of social capital, particularly relational capital, which enables and motivates CSR practices, as explained by the direction of the arrows in Figure 5.2. These results confirm Fukuyama’s (2001) findings, which conclude that religion has historically been one of the most important sources of social capital in promoting civil society welfare. He cites the Islamic world as one example. These religiously inspired cultural norms have potential to generate further tools for social capital, which calls for CSR practices to have a positive impact on society. These conclusions provide empirical evidence to the growing body of research examining the impact of religion on managerial attitudes and decision-making (Kidwell *et al.*, 1987; Agle and Van Buren III, 1999; Longenecker *et al.*, 2004; Brammer *et al.*, 2007; Zinkin, 2007). These studies ponder the significance of the religious beliefs and expectations of business managers concerning CSR. In the research context, SMEs’ social contributions are largely a response to the social norms and expectations of society. These norms stem largely from the religious belief system of the Egyptian context. Religion has shown to be a significant cultural factor influencing CSR engagement in the research context, as depicted in Figure 5.2.

Acknowledging such significance, Calkins (2000) maintains that scholars of business ethics tend to focus on purely social scientific and philosophical

approaches to ethical dilemmas, while neglecting religious principles in the debate. Failing to include such principles, they are likely to forgo the interesting insights that could be gained from the ethical perspectives of business owners, and the motives that drive them to act morally, being underpinned by their religious beliefs. The current research addresses this issue by considering religious aspects in its CSR analysis. In the Egyptian context, as in most Middle Eastern countries, culture and religion are closely intertwined (Kim and Reber, 2009). Unlike in Western countries, where CSR orientation appears to be detached from the religious sphere, and is consistently related to secular corporate terms, religion is articulated by the participating SMEs, representing a cross-section of different religions, social classes and educational backgrounds, as a major motivation for CSR. This is in part because charitable giving to the needy (*zakat*) is one of the five pillars of Islam, and also a culturally embedded value through the Christian tradition of “*ushur*” amongst the Christian community in the Egyptian context (UNDP, 2008).

This finding challenges the argument of Brown and King (1982) who state that community norms and pressures have more influence on SME engagement in CSR practices than religious principles. On the contrary, religious conviction is inextricably linked to Egyptian SME owner-managers’ motivations to practise CSR behaviour. Therefore, in this particular context, one can argue that religious beliefs are an inseparable component of social capital that enables SME engagement in CSR, confirming the idea social capital is a by-product of religion, cultural tradition and norms, and shared historical experience (Fukuyama, 2001).

This has parallels with the political sphere, and will be touched upon in discussion of the macro influence. However, it is worth mentioning here that the Islamic political parties won elections to the Egyptian Parliament after the Revolution because of their CSR credibility. They promoted the political slogan, “*Islam is the solution*” as a religious version of CSR, and as an influential remedy that can address the country’s economic and social inequalities. Unlike the few governmental and multinational CSR campaigns that received large media coverage, these Islamic political parties practised pragmatic CSR, which

earned them profound public acceptance. They promoted their platform by responsible social penetration of under-privileged areas, via multiple social service networks (UNDP, 2008), highlighting the intertwined relations between religion, CSR and the socio-political environment.

Cultural and religious values, as explained above, are deeply embedded in everyday life, and are therefore deeply affected by the environment and cultural context in which a business operates (Scholtens and Dam, 2007). This raises a critical question: *What explains this paradox? What explains the escalation of unethical practices, given the strong inherited values and beliefs that support the proliferation of a social and ethical community?*

Since culture has macro and micro dimensions that influence each other, the answer lies in the existence of macro-contextual challenges that undermine the positive influence of values in fostering CSR engagement in the research context. The most daunting challenges here are the **socio-political** environment, and the **economic** conditions, that have profound influence on CSR engagement in the research context. These linkages are highlighted in Figure 5.2 and explained below.

5.2.2.2 Socio-political influence

The argument above supports previous studies that found that non-religious factors contribute to low levels of adherence to ethical practices among religious business communities (Zinkin, 2007; Williams and Zinkin, 2010). Egyptian society has gone through several cultural developments as a result of the disabling socio-political environment having shifted values away from the inherent solidarity and collectivity which characterized society. The socio-political environment (i.e. Government corruption, lack of governance, etc.) is blamed for such deterioration, which has led to the conspicuous violation of CSR principles. It can be concluded that social responsibility efforts hinge upon the political institutions through which companies operate. It is clear from the findings that private corruption and government corruption go hand in hand, and derive from the same institutions. Such corruption has been institutionalized in the Egyptian context, where formal institutions, in terms of laws and regulations regarding transparency, information disclosure, and their

enforcement, are either ineffective, lacking, or do not function as they should. For example, lack of efficient governance systems that provide checks and balances is the root cause of corruption and the main reason for the limited presence of CSR among SMEs, as declared by participants in the findings chapter. Good governance is a key instrument for successful CSR, but has failed to be properly recognised or integrated in CSR circles (Visser and Tolhurst, 2010). The current research addresses this gap.

Research in emerging economies shows that standard CG instruments to institute transparency and social accountability can create an efficient mechanism for transferring wealth between generations to deter corruption, but does not receive institutional support (Peng, 2003). This invites relational or informal institutions embodied in personal ties, family contacts, or government connections, to play a key role in shaping government and CG (Peng and Heath, 1996; Yeung, 2006; Young *et al.*, 2008). It further supports the arguments about political or governmental corruption being the core origin of the pervasive ethical violations in businesses and society (LaPalombara, 1994; Rose-Ackerman, 1999).

Such pervasive corruption, therefore, has profound ethical repercussions at the meso and micro levels, as shown in Figure 5.2. Giddens (1995) stresses that the micro-level cognitions of social actors define their actions, and that neither the cognitions nor the actions can be disconnected from the broader structures, such as governmental regulations or political institutions, in which these actions are implicated. Therefore CSR hinges upon political consciousness in which government is one of the main stakeholders in the framework of CSR (Giddens, 1995; Bryant and Jary, 2001; Luo, 2006). SMEs' relationship with government, which controls resources, and whose officials have the authority to influence the viability of businesses, dictates their CSR approach and practices. This makes them more vulnerable to unethical actions, in order to secure resources and business benefits.

Egyptian business owners rely on informal channels, embodied in interpersonal links with politicians and public officials in order to obtain Government support, or secure resources controlled by the Government. In such a power

distance society, SMEs are usually excluded from these networks, because they are at the lower end of the chain of power within these networks, compared to large companies. In such a discriminatory environment, Egyptian SMEs perceive that the main means of social mobility is favouritism, nepotism, bribery and bypassing the law (UNDP, 2010). SMEs' ethical behaviour is therefore contingent upon corruption. They are more prone, and under greater pressure to get engaged in irresponsible behaviours in order to continue their operations (e.g. to obtain licences or permits), and are deterred from complying with national laws and legislation. As revealed in the current research, and discussed in Section 5.2.1, the policy challenge faced in the Egyptian context is not to encourage companies to fulfil responsibilities beyond their legal obligations; rather, it is to make companies comply with the basic *legal* requirements. This highlights the particularities of CSR issues in the developing world, as noted by Khan and Lund-Thomsen (2011).

Such a socio-political atmosphere in turn explains the deterioration of the cultural values that promote ethical conduct, as mentioned above. It has partially altered the "*solidarity*" to a "*power distance*" society, characterized by low levels of social capital. As discussed in Chapter 2, "social capital" by definition, is a form of capital that is owned not individually, but rather collectively. In such a segregated environment, social capital cannot be fostered. Previous research proposes that culture not only affects the degree of cooperation between individuals, but may also influence the effectiveness of intervention instruments intended to spur cooperation in any given social situation (Chen *et al.*, 1998). Deutsch (1949) notes that the nature of relationships that exist in the pursuit of individual goals determines the degree of cooperation. Contingent on how individual goals relate to each other, Deutsch (1949) divides social situations into competitive and cooperative; a social situation is competitive if there is a conflict of goals, and cooperative if the social actors' goals are positively related to each other. In the Egyptian context, social actors (i.e. Government, NGOs and businesses) work in segregation. They do not have a common social goal to unite their social efforts. Conflicts of interest have prevailed due to corruption, which has intensified as a result of the power distance divide. That explains Scholten and Dam's (2007) argument that companies usually pay little attention to ethical concerns in a power distance society. This is because power distance signifies

social inequality, as in the case of the Egyptian context. The findings reveal the effect of this on SME owner-managers who have lost their identification with society as a result. Lack of a sense of belonging is ascribed to be a reason for SME reluctance to cooperate towards the common good, or to practise CSR in the research context. As mentioned in the previous section, SMEs perceive that any contributions they make will fail to improve society, because they will be embezzled by the Government.

This situation, characterized by a conflict of interests and absence of common social goals, has created a disabling, segregated environment which has a significant bearing on the meso-structural dynamics, as depicted in Figure 5.2. Lack of any strong formal network structures that foster trustworthy and cooperative relationships, further contributes to the noticeable decline in the stocks of social capital in society. This is symptomatic of the divergence of interests. These findings support Murillo and Lozano (2006), who argue that strong networks help to create mutual relationships with suppliers, and, in some cases, with competitors, where such close relationships can facilitate valuable resources that enhance the capability needed for social practices. These findings further support Cheung *et al.* (2009), who suggest that networking through partnerships, for example, is an important tool for upholding CSR, and emphasize the essential role of business associations and government in nurturing these partnerships.

The above discussion highlights the reciprocal influences between the macro-contextual dynamics and CSR, mediated by social capital dimensions in terms of capitalizing on the norms and values that foster CSR and its valuable impact on society. The political developments in Egyptian society are therefore a major macro-contextual factor curbing CSR practices, highlighting the intertwined relation between the macro, meso and micro levels of analysis.

5.2.2.3 Economic challenges

Moving on to another significant macro influence, it should be noted that CSR in Egypt cannot be divorced from the tough economic conditions (i.e. social inequality, poverty, etc.), stemming from the corrupt socio-political environment experienced by SMEs and their stakeholders. These economic

circumstances also contribute to the lack of adherence to CSR practices spelled out in the religious teachings. The findings confirm the results of previous studies, linking religious intensity with the economic circumstances, and suggesting that individuals' economic circumstances determine the degree of their adherence to ethical standards and religious beliefs (Inglehart, 1977; Barro and McCleary, 2003). SMEs are struggling to survive under the adverse economic conditions; credit represents a binding constraint on company engagement in CSR, and as a result they perceive CSR as a burden. Participants emphasized this point, explaining how CSR has become one of a company's lowest priorities as a result of the economic shortfalls.

Given the lack of support and resource constraints at an economic level, coupled with decreased stocks of social capital to facilitate cooperation, the Egyptian culture has developed patterns of "*individualistic*" behaviour, according to Hofstede and Bond (1984) typology of cultural dimensions. These patterns are clearly evident in the findings, where many participants have started to adopt Friedman (1970) position regarding the responsibility of business, which focuses entirely on the bottom line and the growth of shareholder value. This view portrays an individualistic society - one that emphasizes individual, rather than collective action (L'Etang, 2006). Such individuality, it may be argued, curtails business engagement in the advancement of social welfare, and shifts the focus to "*one's own business*", rather than on the prosperity of the community as a whole, as revealed in the analysis. This finding converges with the study of Markus and Kitayama (1991) who argue that in individualistic societies, personal identities, in terms of internal qualities, are the main component of social consciousness, while in collectivist societies, social identities, in terms of social relationships, are the key element of social consciousness. In the Egyptian context, SME owner-managers' social identification has deteriorated, and their focus has shifted towards their own business, rather than the collective good or the social needs of their stakeholders.

In the Egyptian context, SMEs and their stakeholders are hence more vulnerable to economic shortfalls. This situation has resulted in a negative influence on the relationships (in terms of trust, loyalty and identification) and,

in turn, on CSR, as shown in Figure 5.2. Focusing on their own individuality has made SMEs less involved in solving economic distress than their stakeholders would expect of them. For example, social disparity not only affects relationships with employees in an adverse fashion, but also causes tension and unrest between employees and co-workers at the meso-organizational level, as pointed out by many participants.

The challenges stemming from the economic conditions explain the paradox relating to the proliferation of socially irresponsible practices on both sides (business owners and stakeholders). These findings support Cropanzano and Wright (2001), who note that the perceptions of employees on the equality and justice of the actions of the firm that they belong to have a strong influence on their approaches and actions towards it. Employees who perceive a good deal of fairness are more likely to identify with the company and show commitment, loyalty and trust in the workplace; the reverse is also true (Cropanzano and Wright, 2001). In the research context, employees perceived a great deal of social unfairness. Such perception caused them to be detached from their workplace, losing the sense of social identification, and hence becoming vulnerable to retaliation in the form of workplace revenge and sabotage (Aquino *et al.*, 2001). This supports Tajfel (1978), who observes that social identity, which is based on group membership, is linked to a sense of self and stems from the individual's connection with a social group, together with the value and emotional importance attached to that membership. Loss of social identification can result in potentially hostile relationships, and explains the proliferation of unethical practices dominating the workplace environment, which, in turn, discourages SME owner-managers from practising CSR in the workplace, as discussed in the findings chapter.

Therefore, consistent with Maak (2007), building and maintaining social capital with immediate stakeholders is a major concern for SME owner-managers. However, in line with Adler and Kwon (2002), a major challenge facing small businesses is the building and maintaining of sustainable stakeholder relationships. This challenge is particularly evident in the Egyptian context. There is a desperate need for SMEs to nurture such kinds of relationships, characterized by rich social capital, to help them survive the turbulent

economic conditions. Social capital can only be transformed into economic gains through positive social actions that facilitate the connections and networks available to individuals (Bourdieu, 1986).

Treating social capital either as an individual attribute, or of society as a whole, implies that it can only be evaluated through examination of the society in which the social actors operate. This conclusion extends to the findings in the literature, which treat businesses as entities embedded in a broad set of economic, cultural and political institutions, whose environmental factors affect the tendency to adhere to socially responsible behaviours (Aguilera and Jackson, 2003; Roe, 2006).

The second research question, addressed in the discussion above, takes the first question a step further, by explaining the factors influencing CSR conceptualization in the research context. Not only does the institutional environment affect the tendency to engage, but it also influences the cognition of individuals towards their social actions, which are dictated by the “*rules of the game*” that the institutions regulate (Sobel, 2002).

The next section discusses how SMEs’ conceptualization and operationalization of the CSR concept impacts on Egyptian society.

5.3 Impact of CSR in the Egyptian society

This section attempts to address the third research question, which is: “***What is the impact of CSR conceptualization and operationalization on Egyptian society?***”

The findings reveal that engagement of SMEs in CSR has three interrelated functions in furthering the social and economic development in a developing country that is going through a transition phase, such as Egypt. The three are mutually reinforcing functions: **a) CSR as an institutionalizing function; b) CSR as a strategic exchange function; c) CSR as a core value-creating function.**

The three functions iteratively contribute to each other, because once they are all in place, CSR can be embedded in the particular society.

Figure 5.3 presents a framework that delineates the way in which CSR is conceptualized and operationalized as a result of the macro-contextual influences upon which the firm is embedded.

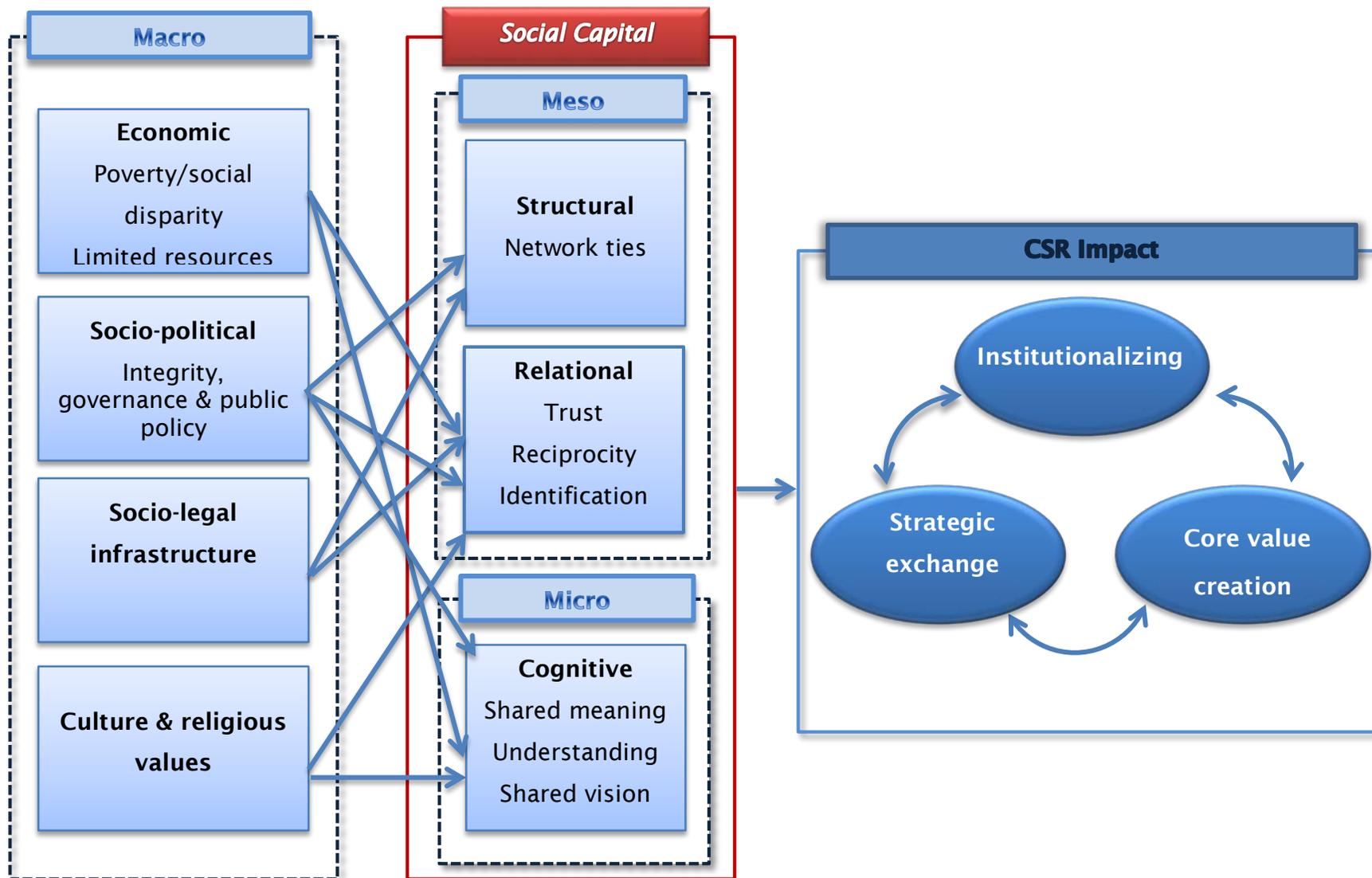


Figure 5.3 Multi-layered framework for theorizing CSR in SMEs in Egypt

5.3.1 CSR as an institutionalizing function

This function endorses the importance of advocating the regulation of business and society relationships, in order to foster cognitive, relational and structural social capital through legislation, substituting or complementing weak institutional social welfare structures (e.g. government social welfare systems, NGOs, etc.). It also entails creating mechanisms for sustainable resource generation.

All interviewees, without exception, mentioned the shrinking role of the state as a provider of social goods and services, causing over-reliance on the private sector, especially SMEs, in addressing the issues that lie within the scope of governmental responsibilities. Due to the inefficient and ineffective Government, SMEs are expected to fill the gaps regarding the challenges of socio-economic integration. Participants exhibited social responses to address the consequences of poverty, which is a major social challenge. Food shortages are a growing problem – a result of dramatic population growth, increasing prices for basic foods and alternative usages of farmland. In addressing poverty within communities and families, some initiatives mentioned in the interviews aimed at promoting economic development in poor villages by refurbishing infrastructure, and providing families with clean water and sewage systems, etc. Fulfilling CSR is therefore considered not only a responsibility, but an ardent expectation and requirement from company stakeholders. Regardless of the notable lack of governmental support, explained in the findings chapter, the moral obligations of entrepreneurs motivate them to engage in social practices. However a question from the interviewees begging for an answer was *whether funding social welfare projects is a fitting role for private companies?* All interviewees, without exception, questioned the role traditionally assumed by the Government in the social welfare of society, and supported the need for institutionalizing CSR in the Egyptian context.

Revisiting the extant literature, Bowen (1953) voices his concern over social responsibility being conducted solely by companies decades ago. His approach calls for institutionalizing CSR to advance business-society relationships. He reaches the conclusion that socio-economic problems of a given society, including injustice, inequality, insecurity and instability, cannot be solved by

merely making businesses responsible, due to the voluntary nature of CSR. This point was raised by the interviewees in Section 4.2.2, who opposed leaving CSR entirely to the discretion of managers, due to their lack of awareness, capacity and business motives to engage. They called for governmental intervention in the form of laws and regulations to govern and institutionalize the social and environmental actions of businesses in the research context. Supporting this view, Bowen (1953) argues that companies should follow a set of generally accepted rules pertaining to business social behaviour. On this issue, many researchers have suggested that new roles should be adopted by governments concerning the promotion of business social and environmental practices (Fox, 2004; Matten and Crane, 2005; Midttun, 2005; Roome, 2005; Lepoutre and Heene, 2006; Moon and Vogel, 2008; Bendell *et al.*, 2011; Baldarelli, 2012; Steurer *et al.*, 2012). Social capital is argued in this research to be the mechanism to steer social engagement. The analysis reveals that there is indeed a need for an “*umbrella*” that brings all parties together to cooperate and identify with one goal, which would govern their relationships by fostering trust.

In parallel to this new academic orientation, Western governments have been addressing these concerns increasingly over the last few decades, becoming the main drivers of CSR. They have embraced a vast array of public policies that foster social capital assets in society, and encourage companies to perform in a sustainable and responsible fashion (Aaronson and Reeves, 2002; Aaronson *et al.*, 2002; Albareda *et al.*, 2006; Bendell *et al.*, 2011; Steurer *et al.*, 2012). These successful and influential movements were cited in the interviews, following the appointment of a CSR minister in the UK. Reinforcing the interviewees’ opinions, Moon (2002) notes that in the UK, CSR is part of a wider re-orientation of governance roles, whereby businesses are not only operating in market mode, but also in network mode with government and non-government organisations, in which the inter-dependency of actors is contingent upon neither authority nor market relations. Instead, reciprocity (relational) is based upon the recognition and pursuit of shared interests and values (cognition). This is illustrated by the increasing number of cross-sectorial partnerships (structural) in which UK firms and business coalitions engage. For example, in order to nurture partnerships with socially responsible businesses, and to promote understanding of sustainability and social

responsibility in the business community, a “Business partnership” department was created in 1998 by the British Department of International Development (Aaronson and Reeves, 2002). Appendix 4 provides some examples of institutionalized initiatives and policies in Western countries.

Comparing these institutional and academic movements with those of their Egyptian counterpart, the findings reveal that, unlike in Western countries, such a pioneering role for government is missing in the research context. It is thus crucial to develop and structure institutions that contribute to the solving of environmental and social issues. These structures, including accountability, transparency, fairness and responsibility through institutional reform, lay the foundation for development at all levels of Egyptian society. Through a “*top - down*” approach, suggested by interviewees in the findings, the Government can create a platform for CSR. Moreover, mainstreaming social practices within an SME context can engender significant social impact by providing a social safety net and community support (Davies and Crane, 2010). This is specifically relevant to the operations of Egyptian SMEs, which need to take into consideration issues such as cultural factors, local values and the beliefs of people living in their surroundings, to catalyse their social engagement. They have shown willingness to take the chance of tapping into local engagement through their local CSR initiatives, perceiving this to be a direct source of accumulating relational social capital with their stakeholders, as Joseph (2000) also notes. Capitalizing on these assets, Egyptian SMEs have the potential of restoring and increasing the stocks of social capital in society, which should lead to its prosperity. Therefore social capital plays an important role in shaping CSR institutionalization in the Egyptian context, as discussed in the following subsection.

5.3.2 Role of social capital in the institutionalizing function of CSR

Institutional support is definitely needed to achieve the developmental goals in the Egyptian context. This is mainly because the way in which communities are structured, and the ability of members of society to appropriate social capital depends largely on the way in which their relationship with the Government is controlled and institutionalized. This interwoven relationship is highlighted in Section 5.2.2 The research findings support a growing strand of research in

social capital that provides consensus on the significant role that institutions can play in the socio-economic development, through inculcating social capital in society (Evans, 1996; Isham and Kaufmann, 1999; Woolcock and Narayan, 2000). Woolcock and Narayan (2000) call this perspective “*the institutional view of social capital*”, which suggests that the strength of societal networks (**structural** SC) and the capacity of social groups to act in their own collective interest (**relational**) and share similar interests and goals (**cognitive**), is mostly down to the quality of the formal institutional environment (i.e. legal, economic and political) under which the social actors reside (North, 1990).

This argument can be validated by examining the Western examples mentioned in the interviews and in the literature review chapter. Governments that uphold the rule of law, respect civil liberties, impose low taxation, create fair labour legislation and resist corruption have a much greater influence on social development projects and community life than hostile or weak governments, such as that of Egypt (Isham and Kaufmann, 1999). Interviewees in the findings chapter describe the Government as “*a main competitor*” or an “*obstacle in itself*”. As noted by Knack and Keefer (1997), institutions that foster such kinds of social capital cannot improve income inequality or alleviate poverty. That is because in essence, social capital is a means of enforcing certain behavioural norms among social actors, and can act as a **resource** as well as a **constraint** (Walker *et al.*, 1997). Many benefits are associated with being a member of a highly integrated community, as is evident in the meso-organizational discussion, but there are also significant costs, and for some societies, like those of Egypt, the social costs may greatly outweigh the benefits.

In Western countries, for example, these norms (i.e. trust, reciprocity, cooperation and loyalty) act as a resource. In many developing countries, on the contrary, and this applies equally to Egypt, they have been shown to act as a constraint to social development. Woolcock and Narayan (2000) observe that nepotism laws and norms exist, in obvious recognition that individual contacts are a symptom of corruption and unfair discrimination. This is confirmed in the findings of the current research. Relational aspects such as friendship and loyalty are used as a synonym for corruption, or, in other words, as a means

for the misuse of public and social resources for one's personal benefit, bribery, fraud, etc. (**structural**). In such an institutional environment, fruitful social capital is replaced by what Rubio (1997) calls "*perverse social capital*", which significantly hampers social development. Bourdieu (1986) argues that such kinds of social capital can produce inequality, allowing individuals to gain access to influential positions through direct or indirect employment of family relations. This resonates with the findings of the research, where unethical, corrupt behaviour is shown to have become institutionalized as a result. Corruption in this context is defined in the words of one interviewee as "*giving the absolute power to certain individuals who misuse this power*".

This kind of negative social capital, fostered by the current institutional framework, has negative implications for CSR. It has generated in society tremendous negative externalities in the form of wasted resources, and is the opposite of what CSR is intended to achieve, which is shared resources and shared value. Interviewees agreed that being ethical and successful in such an environment have become a main challenge for SMEs. Therefore the institutional setting, characterized by corruption, social polarization and political exclusion, explains the paradox revealed in the Egyptian community. Its inherently strong social solidarity still does not yield economic prosperity, and is not even able to overcome the crippling effects of poverty.

This deficient relational social capital has a significant bearing on the structural and cognitive social capital. Each entity, community, or network works in a parochial and isolated fashion, serving its own interests, rather than the collective concerns. For example, there are over 30,000 NGOs working at cross-purposes for society's collective interest (UNDP, 2010). Woolcock (2002) provides similar evidence from the developing world countries, which validates the argument that rich social solidarity and the existence and social efforts of a vast array of informal groups do not inevitably lead to socio-economic prosperity. Kenya, Haiti and Rwanda are some examples that support his argument. One can conclude that social capital that is rich at a local level, however weak at the institutional level, can lend itself to such a paradox. These findings support Rose-Ackerman (1999) study, which suggests that the split

between social actors and authorities can lead to the rising inequality, political instability and rampant corruption evident in the research context.

Conversely, the presence of solid ties (**relational/structural**) linking government and society make it possible to exploit opportunities, and yield very opposite results which are favourable for CSR. Norms of trust built up from close relations and networks need to be fostered in order to engender rich social capital that spans the private-public boundaries (Evans, 1996). As stressed in the interviews, the Government, therefore, is in the best position to enable enduring alliances (**structural**) across the boundaries of religion, class and politics in society. Admittedly, the current institutional environment (with its bureaucratic barriers and isolated corrupt practices) undermines the efforts of social actors to act in their collective interest (**relational**). Collective action is brought about by shared interest/understanding among stakeholders (**cognitive**), which is missing in the research context. Arefi (2003) denotes collective action as a positive indicator of increased social capital. Bourdieu (1986) further frames social capital as a producer of "civic engagement" and also as a broad societal measure of communal health. He transforms social capital from a resource possessed by individuals to an attribute of collectives, focusing on norms and trust as producers of social capital, to the exclusion of networks. Neither norms of trust (**relational**), nor solid networks (**structural**) exist in the research context, denoting a segregated society.

The main challenge, therefore, is to identify and institutionalize the conditions under which the many positive aspects of relational and structural social capital can be harnessed in the Egyptian society. This entails changing the negative influences of the social system which stem from long-standing negative cultural traditions of powerful vested interests. Figure 5.4 provides a synthesis of the numerous institutionalizing roles which can be assumed by the Egyptian Government. It shows that government has four main roles in mainstreaming CSR, in order to build strong relationships with SMEs that foster social capital. These institutionalizing roles provide a policy framework that creates an institutional environment which encourages and rewards socially responsible behaviour:

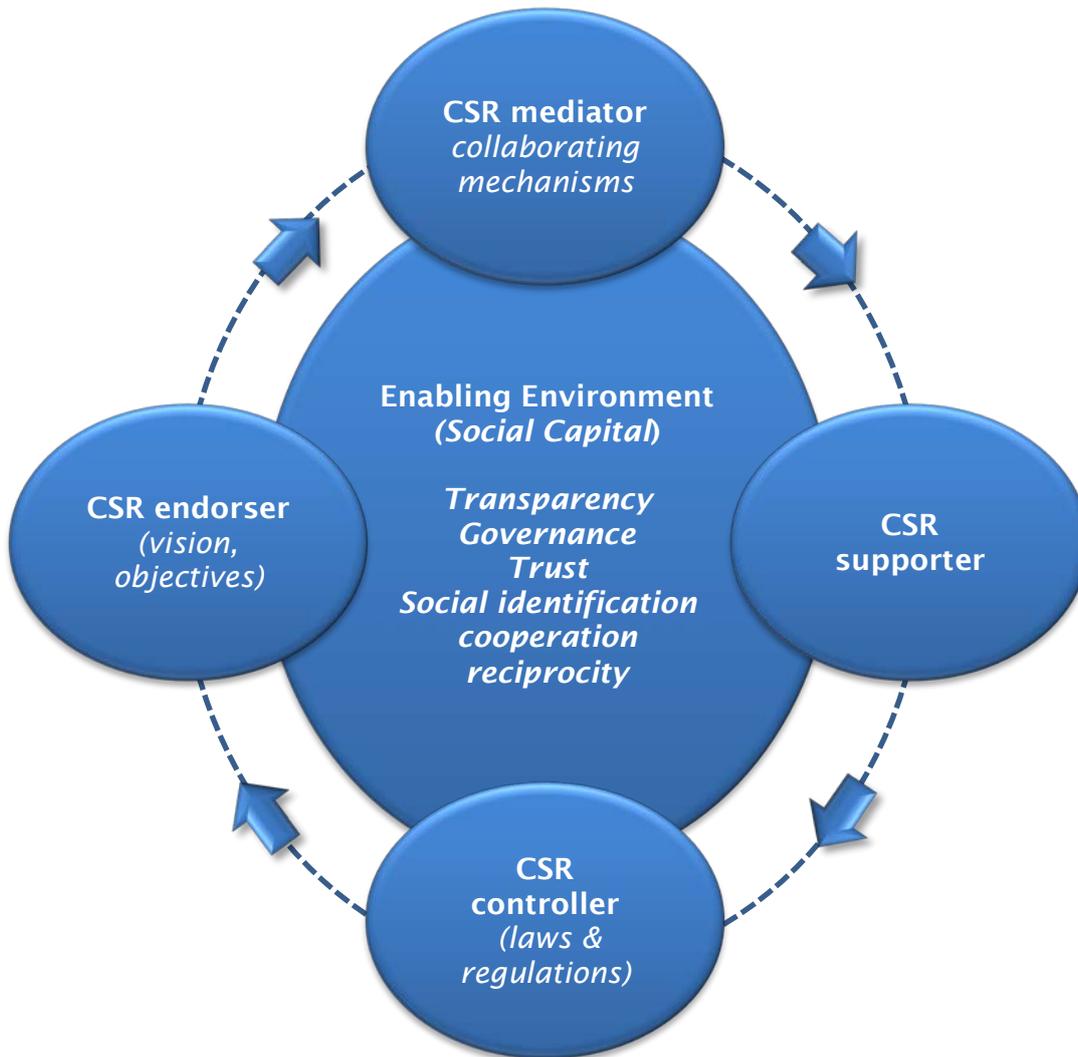


Figure 5.4 Institutionalizing roles of CSR functions

5.3.2.1 CSR endorser

This is an endorsement role that entails setting a common *vision* and *goals* for business engagement in society. Supporters of what Husted (2003) calls *state-led* or *state-centred* CSR advocate that national, in addition to international policy-makers should vigorously endorse the enforcement of CSR commitments on businesses. By developing a CSR political framework that incorporates the CSR discourse within a national framework, to guide social actions in both government and businesses, has been suggested as the means to achieve this goal. Setting a clear national CSR vision, mission and objectives, and facilitating social actors' engagement towards the achieving of these goals can serve this purpose. These points are emphasized in the findings chapter,

Section 4.2.3. Participants suggest that sustainable development can be achieved by dealing with social and economic problems, such as social exclusion, social disparity, unemployment and lack of services in economically depressed areas, through CSR policies.

Social capital is the mechanism through which these social goals can be achieved, for a number of reasons. *First*, shared vision and common values, as the main manifestations of the cognitive social capital dimension (Tsai and Ghoshal, 1998), engender trust that facilitates collective and collaborative actions (**structural**). Other authors (Ouchi, 1980; Barber, 1983; Sitkin and Roth, 1993) observe that common vision, beliefs and value congruence provide harmony of interest, and with these shared collective goals and compatibility of values, individuals are more prone to trust (**relational**) each other, as no one fears getting hurt by another individual's pursuit of self-interest. By developing such trustful expectations, the possibility of opportunistic actions, prevalent in Egyptian society and identified by business owners in the findings, will be wiped out. *Second*, shared vision (**cognitive**) embodies the collective aspirations and goals (**relational**) of the members of a given society. Such collective orientation is what is missing, and called for by the interviewees in the research context.

Thus, public policies that adopt **governance and sustainability** as core values have the potential to increase relational social capital in terms of trust and credibility of CSR initiatives. Although the Egyptian Government and the concerned social actors have started to appreciate the significance of CG, it remains one of the main areas of challenge for the development of the CSR concept, particularly in small companies, as highlighted in Section 4.2.3.

In order to appreciate the roots of this CSR challenge, it is worth describing the antecedents that have shaped the development of CG in the Egyptian context, and the statutory framework that governs company operations. The idea of CG is a novel one in the Egyptian context (Dahawy, 2010; Samaha *et al.*, 2012). It began in the early 1990s as part of the privatization programme, which was aimed at raising capital through attracting foreign and domestic investors, who preferred to invest abroad, due to lack of confidence in the financial dealings

(Dahawy, 2010). In order to attain these goals, the Government realized the importance of advancing CG principles among the stock exchange listed companies as a means to boost confidence and create a culture of trust, which would attract more investments. The Government issued regulations, mainly directed at the listed companies, the majority of which were large, to ensure the implementation and adherence to CG principles. It is noteworthy that the focus of governance has mainly concentrated on financial practices (disclosure, auditing), and company adherence to international auditing and accounting standards to ensure the availability of reliable financial information and attract investors (Dahawy, 2010). Little attention has been given to the social aspect in this initiative.

Another positive governmental move was the establishment of the EIoD (Egyptian Institute of Directors) in 2003, which spreads awareness of CG best practice through a broad range of advocacy and training activities, directed at both large and small companies. In a parallel effort to improve CG and CSR practices in Egypt, the ECSRC (The Egyptian Corporate Social Responsibility Centre) has met this mission by offering a wide range of activities, including training courses and seminars on social auditing, sustainability reporting, design of reporting parameters, internal measurement tools and reporting guidelines as set by the GRI, which have been translated into Arabic. The significance of this initiative and its associated efforts was highlighted and experienced by participants in the interviews.

Other non-profit organizations also joined the GC movement, which extended its awareness efforts to different forms and sizes of business. For example, the Junior Businessmen Association (one of the NGOs interviewed) issued the *“CG Manual for Family Businesses”* in 2006, to guide these companies on pursuing sustainable practices.

The above mentioned initiatives signal the continuous improvement of GC practices in Egypt, and their efforts cannot be underestimated, as ascertained by the participants who benefited from these initiatives. However two main alarming issues should be raised:

First, the majority of these efforts are directed towards large companies, while only a few forward-looking medium-sized companies participate, being mainly the well-established firms. Only a very limited number of small companies engage or adopt any of the CG principles. This is due to lack of capacity, awareness and knowledge, as the principle of CG is new to businesses in general, and its advantages have not yet been fully digested in the business environment (Samaha *et al.*, 2012). For example, the ECCG guidelines are to be implemented by joint-stock companies who are listed in the stock exchange and who depend on the banking system for financing their operations (Dahawy, 2010). These are obviously not the small companies, who have limited access to banking finance, as revealed in the findings.

Second, as stated by interviewees in the findings, some of the laws and regulations, such as the first Egyptian CG (ECCG) code, introduced in 2005 by the Ministry of Investment, are neither legally binding nor mandatory. Rather, they simply encourage companies to meet the relevant rules and regulations, and to operate in a transparent manner according to international best practice (Dahawy, 2010). Such a voluntary approach does not enable GC to achieve its full potential, due to its presence in an environment that suffers from weakness in the regulatory framework, and inefficiency of the management systems needed to enforce and monitor the regulations and implementation of the rules of governance (Ragab, 2010). An environment where political self-interest means that anti-corruption measures are rarely enforced leaves both government officials and business owners vulnerable to corruption.

The findings stress the need to integrate CG structures and mechanisms in three areas, in order to curtail corruption: **a) Apply governance in Government; b) Apply CG in SMEs; c) Apply governance in partnerships.**

These three domains of governance have been shown to nurture **relational social capital** by increasing transparency and accountability in dealings and relationships, through increasing credibility in CSR initiatives. Creating a culture of trust that boosts confidence in CSR programmes initiated by different actors can further enhance **structural social capital** by facilitating collaboration in addressing the social goals of these initiatives.

Therefore, this institutionalizing role establishes CSR policies in two domains: a) In the **Government**, to lead by example, as a departure point. The findings indicate that ensuring accountability and transparency in government functions and operations is a must to advance the governance and integrity of private companies' management practices; b) In **SMEs**, to provide guidance and best practice, tailored to their needs. Public policies that promote transparency set a framework for business engagement in society, and enable businesses to map their social and environmental engagement to the stakeholders. For example, interviewees who were following GC principles showed that, by developing reporting policies, they were offering a point of reference for information pertaining to company social activities, and hence fostering relational social capital among the stakeholders in terms of trust. This relational benefit was reinforced in the interviews by the participants following CG or/and global compact principles.

The establishment of clear guidelines is vital, but not sufficient to ensure the diffusion of CSR in the research context. Collaboration is also essential in order for SMEs to gain more sophisticated understanding of how to attain their social responsibilities, as revealed in the interviews. Government has an important role to play in this respect.

5.3.2.2 CSR mediator

This intermediary role involves encouraging SME collaboration with government, NGOs and civil society stakeholders through partnerships and memberships, whether public, private, or other forms. As revealed in the meso-level findings (Section 4.3.6), partnerships that engage all social actors concerned with CSR development influence CSR engagement in four main domains: *a) To raise awareness and shared understanding of social needs and strategic ways to tackle them; b) To enhance SMEs' capacity; c) To converge the CSR efforts; d) To create a governance structure that boosts trust and credibility in relationships.*

With regards to the **first** benefit, common understanding allows companies to join forces and create platforms for knowledge and experience exchange that enable them to tackle the societal challenges and priorities in a strategic

manner. Such a collective approach is introduced by Joseph (2003) as a soft policy approach to the understanding of CSR public policies, in which the role of government is viewed as a mediating entity, using soft tools and means in collaboration with the private sector (Albareda *et al.*, 2007). One of these tools is to encourage the dialogue between actors.

This leads to the **second** benefit, enhancing the capacity of SMEs, where dialogue enables each party to identify the needs, capabilities and capacity to address these through mobilizing resources between the parties. These benefits are highlighted in Figure 4.2 in the findings chapter. Indeed the presence or absence of network ties between social actors is crucial in providing a valuable source for accessing resources and information benefits (Liao and Welsch, 2005; Fuller and Tian, 2006). Examples include the transformation of personal relationships into business exchanges (Burt, 1992). These reciprocal exchanges of benefits are evident in the findings, where SMEs resort to their social network to compensate for shortages of financial and time resources, market information and lack of support from entrepreneurship in all aspects of their operations, to the extent that some SMEs actually create their business for the purpose of addressing these shortages. Two business owners interviewed were business incubators, who provide mentoring and promote capacity among young entrepreneurs. Supporting these findings, Worthington *et al.* (2006) posit that networks allows the firm to draw significantly upon resources existing in bonds embedded in business networks and associations, as well as informal relationships. This has the potential to increase the capacity of SMEs. Hence, SMEs are more prone to invest in social capital (relationships and networking etc.) than large companies (Spence *et al.*, 2003). Spence and Schmidpeter (2003) note that the SME owner's motivation for membership of a network stems from the need to build links, and develop mutual trust relationships (relational SC) which develops over a long-term engagement. Such relationships represent a potential tool for ethical responsibility on the part of managers.

In addition, such collaborating arrangements lead to the **third** benefit: ensuring alignment and synergy between stakeholders (SMEs, civil society, government) and across government departments, avoiding duplication of the

CSR efforts, as is the case in the research context. Lack of structural social capital (i.e. social and network ties) does not facilitate dialogue between parties, but rather deters SME CSR engagement. In Egypt, each SME operates on its own, designing and implementing its own CSR activities in isolation, rather than associating with a wider network of companies to achieve common long-term social goals. This is mainly due to restrictions at the macro level on the freedom of association, and to lack of information. SMEs are not organized, networked or informed about issues to the point where they can engage in dialogue and collaborate in concerted action. Lack of dialogue in the research environment leads to ad hoc responses to the immediate needs of society, and does not generate social benefits. Public policies on CSR that facilitate co-regulatory arrangements, or what is referred to in the findings chapter as a “*multi-stakeholder*” approach, are therefore fundamental for transforming business-government relationships. Numerous scholars acknowledge that this transformation leads away from the hierarchical regulatory state, which is more or less isolated from the private sector, towards more networked, “**relational**” (Albareda *et al.*, 2006; Lozano *et al.*, 2008; Moon and Vogel, 2008), “**embedded**” (Midttun, 2005), “**enabling**” (Jann, 2003) ways of societal steering (Utting and United Nations Research Institute for Social, 2005; Bartle and Vass, 2007), or “**governance**” (Mörth, 2009; Steurer, 2009). Such transformation is essential in the research context, which suffers from the isolation of social actors, due to the lack of nationally organized business networks and associations. The research findings point to the influential role of these networks in institutionalizing a normative environment which encourages socially responsible behaviour among members. Indeed, the findings highlight the value of being part of a global and/or local network (UN Global Compact, ALTOX Cotton Association, etc.) of responsible members, as an instrument to induce business involvement in CSR practices. Although the findings mention few networks that are very much at the forefront in cultivating an environment conducive to CSR, this is not uniformly true for the majority of existing networks in the country.

The Government has a mediating role to play, similar to that in the success cases of Western countries. For example, in the 1990s, the Danish Government played an important role in linking and collaborating business associations such as chambers of commerce, and other local associations, in order to

educate businesses about the long-term benefits of responsible practices. Fair trade practices, well-being and support of workers, and all sorts of other responsible practices, both in the workplace and in the community were encouraged (Galaskiewicz, 1991; Campbell, 2007). The results from the findings raise the need for similar initiatives.

With regards to the *fourth* benefit, the creating of a governance structure, Lund-Thomsen and Nadvi (2010) point out that local collective action could potentially improve collective monitoring of actions and transparency, and more effectively embed the social goals associated with CSR codes into local practices and norms. Similarly, Portes and Sensenbrenner (1993) suggest that ties resulting from networks and community membership place obligations and expectations on the members to behave in a certain favourable manner. Therefore, one could well argue that the role of networks and partnerships extends beyond simply encouraging SME engagement in CSR initiatives. This point is highlighted by members of ALTOX, who declared that unethical behaviour among members is deterred by the governance structure of the network which controls, recognizes and sanctions behaviour. Similarly, Putnam (1993) notes that membership of social networks increases governance, transparency and institutional performance. It also has the potential to increase trust in relationships (**relational**), which in turn may increase reciprocal exchange of benefits. These arguments support Granovetter (1985), who makes an important point in this respect when he argues that exchange of information between trusted business partners can be built through long-term business relationships and networks.

In addition, Raynard and Forstater (2002) point out that alliances formed by multi-stakeholder partnerships, that involve the non-profit, private and public sectors, have the potential to create hybrid governance structures. This could enhance the ability to fight corruption, a main CSR challenge in Egypt, to minimize opportunistic behaviours and to provide a trustworthy enabling environment that facilitates cooperation for collective social actions.

Such collaborative approach, one can argue, complements the endorsing role that sets up long-term CSR goals for business practices. This is because when

business managers cooperate on a more frequent and systematic basis with other actors who share the same vision and goals (**cognitive**), they are more likely to develop a long-term view, which supersedes their short-term vested interests (Campbell, 2007). These shared values are evident in the research, and were highlighted by many participants. This brings us to the next complementing role of government.

5.3.2.3 CSR supporter

This role entails creating facilitating/supporting conditions for adhering to the established framework. Providing support for entrepreneurship and SMEs through developing framework structures that enable them to operate in an environment which facilitates economic regeneration (capacity-building to help meet CSR requirements, knowledge transfer, fiscal support, subsidies, less bureaucratic burdens etc.) can help CSR to flourish. Government is also required to facilitate social engagement by ‘talking up’ CSR, through instituting rewards for CSR activities and programmes. This entails seeking mechanisms and tools that create fiscal, legal and regulatory incentives for pro-CSR activities that catalyse voluntary initiatives for companies to assume social responsibilities. This could be achieved through tangible (tax incentives), or intangible means, or, as referred to by the interviewees in the findings chapter, “*flagship CSR*” through symbolic recognition (cognitive SC), certificates and awards. Indeed, such reward incentives act as a subtle way of re-shaping SME behaviour in line with the ever-changing social expectations (cognition SC). These conclusions support Fox (2004), who notes that political support and public sector endorsement of CSR initiatives, by recognition of the efforts of individual enterprises through award schemes, is an effective tool for mainstreaming CSR.

5.3.2.4 CSR controller/legislator/enforcer

Enforcing compliance reflects a third public sector role in mainstreaming CSR. (Fox, 2004) describes this role as one that entails mandating laws and regulations that control business behaviours, ensuring that they at least meet minimum legal requirements, and stimulating them to go beyond the enforceable minimum standards.

As discussed earlier, interviewees agreed that the voluntary nature of CSR, which leaves business social actions entirely at the discretion of business owners, is an ineffective approach to the dissemination of socially responsible behaviour, and does not yield a positive impact in society. CSR public policy (as a first step in institutionalizing CSR) should therefore be supported by laws, regulations and ethical standards which uphold the CSR objectives. Interviewees suggested that public sector engagement is especially crucial in enforcing laws with regards to company accountability. Mandating and adhering to clear and explicit laws, regulations and penalties that relate to the control of different aspects of business activities and operations (e.g. child labour, human rights, anti-corruption), was argued by participants to force businesses to be accountable for their actions in this context.

Interestingly a growing number of countries are establishing mandatory rules to govern private economic activity in the field of CSR. Aaronson and Reeves (2002) note that policy-makers in Europe have taken a wide range of public initiatives, laws and regulations to promote and endorse CSR. These initiatives have created an environment of trust (**relational SC**). A comprehensive regulatory approach to business accountability is therefore called for in the research context. For example, setting laws for minimum legal standards in the workplace could address inequalities that have been shown to cause adverse effects in the relationships between stakeholders, as highlighted in the findings chapter.

This idea is not new to the academic literature. Bowen, in 1973, notes that the economic problems of any society cannot simply be solved by making companies responsible. He further suggests that developing a set of generally accepted standards or rules that guide business community actions is essential. As a result, growing sets of genuine international rules and standards, designed to shape universal frameworks for business social actions, have emerged in the past few decades, such as ISO 2600, and the creation of the Global Compact proposed by United Nations Secretary-General Kofi Annan at the World Economic Forum in Davos in 1999. Promoting participation in international codes of conduct, standards and guidelines as a basis for business social and environmental actions is an important step (e.g. UN Global

Compact, GRI reporting, etc.) towards disseminating CSR in developing countries contexts.

Although these international standards offer valuable guidelines for socially responsible behaviour, CSR policies need to be embedded in localised matters and cultural traditions at a societal level. This is highlighted in the findings chapter. Thus, when considering the emerging and developing world in these movements, the challenge lies in the need to converge these universal standards with national standards, which take into account the material conditions and local subjectivities of these contexts. This point was emphasized by the development organization managers in the findings. One CSR manager mentioned that he addressed this need by offering an Arabic version of the GRI (global reporting initiative) to introduce SMEs to reporting guidelines.

The development of such kinds of standard CSR and governance codes has a significant influence on embedding social capital in society. It has huge potential to institute a control system that ensures shared ethical compliance and aspirations (**cognition**), because it can ostensibly lead the behaviour of individual actors into conformity (**relational**) (Luo, 2006). It also has the power to replace the shared irresponsible and corrupt behaviours prevalent in the research context with more responsible attitudes. These assertions agree with those of Carroll (2004), who maintains that ethical codes and standards contain general precepts, and mandate specific practices that deal with legalities and ethical concerns, and detail sanctions. Hence, these codes make information and expectations about legal and ethical behaviour clearer (**cognitive**). They also increase the likelihood of detection, ensure the punishment of transgressions, reward desired behaviour ("*flagship CSR*"), and discipline those who engage in offshore business illegalities (Carroll, 2004). Thus, these tools can address the main challenges of CSR in the research context.

When government applies such legislative models, the movement towards CSR should lead to a change in attitude by social actors, including SMEs, civil society, NGOs and business associations. As a consequence, a new culture, rich

in social capital that endorses CSR and assumes co-responsibility in building new CSR policies and actions, will be created, and will promote the growth of a more integrated, inclusive and fair society. The four roles can be considered as steps towards the institutionalization of the CSR concept in Egyptian society, as shown in Figure 5.6, and summarized in Table 5.2

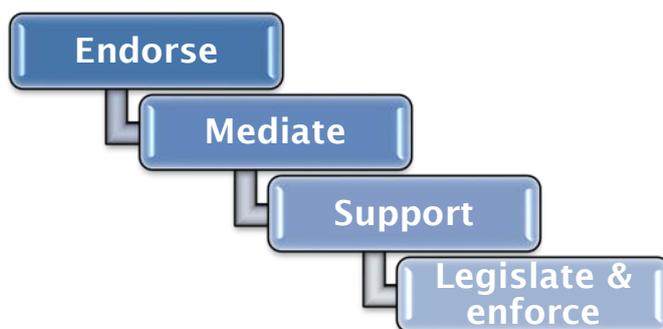


Figure 5.5 Steps towards CSR institutionalization in Egypt

Table 5-2 CSR institutionalization in the Egyptian context

Institutionalizing role	Role description	Impact on society	Link to social capital dimensions
Endorse	<ul style="list-style-type: none"> • Endorse & develop CSR vision, goals, objectives & strategy to pursue the social & developmental objectives • CSR policies for government, businesses & partnerships that take governance & accountability at its core value 	<ul style="list-style-type: none"> • Strategic & sustainable understanding & handling of social issues 	<p>Cognitive</p> <ul style="list-style-type: none"> • Shared & clear understanding of business duties & responsibilities in achieving the social goals of society <p>Relational</p> <ul style="list-style-type: none"> • Transparency & accountability increase trust & credibility in relationships <p>Structural</p> <ul style="list-style-type: none"> • Shared interests • Increase collaboration & cooperation
Mediate	<ul style="list-style-type: none"> • Link SMEs with the Government, NGOs, & civil 	<ul style="list-style-type: none"> • Raise CSR 	Cognitive

Institutionalizing role	Role description	Impact on society	Link to social capital dimensions
	society stakeholders through partnerships & memberships <ul style="list-style-type: none"> • Coordinate CSR actions, by identifying socio-economic priorities & defining roles • Create a hybrid governance structure 	awareness <ul style="list-style-type: none"> • Enhance SME capacity • Create a governance structure • Converge the CSR efforts 	<ul style="list-style-type: none"> • Shared understanding of social needs & the strategic ways to tackle them • Shared ethical values & beliefs Relational <ul style="list-style-type: none"> • Boosts trust & credibility in relationships • Places ethical obligations & expectations among social actors • Reciprocal exchange of benefits Structural <ul style="list-style-type: none"> • Cooperation towards one end
Support	<ul style="list-style-type: none"> • Develop framework structures that provide support for entrepreneurship & SME operations (capacity-building, mentoring, training, management support, etc.) • Flagship SME CSR initiatives (tangible & intangible) 	<ul style="list-style-type: none"> • Embed CSR in society, business operations & culture 	Relational <ul style="list-style-type: none"> • Increase identification towards the society & the institutions
Legislate & enforce	<ul style="list-style-type: none"> • Mandating laws & regulations control business behaviours • Ensure compliance with • Enforceable minimum laws and standards 	<ul style="list-style-type: none"> • Fight corruption, solve economic inequality, child labour & workers' rights 	Cognitive <ul style="list-style-type: none"> • Shared ethical compliances Relational <ul style="list-style-type: none"> • Reward & punishment foster trust & reciprocity (giving back to society)

5.3.3 CSR as a strategic exchange function

This function entails reconciling the conflicting goals of Egyptian business and society (i.e. wealth creation and community welfare).

Sustainability and social responsibility goals entail a strategic approach whereby society and businesses are urged to look within themselves to fully exploit the potential of the capital existing within their own groups. This approach aids communities and companies in becoming more perceptive and collaborative (**cognitive/structural**), and hence creates an overall environment conducive for tackling social issues. It stimulates the impetus for considering internal solutions, hence establishing a shared sense of responsibility (**cognitive**) (Fisher *et al.*, 2009), and a shared sense of belonging (**relational**), which inspires them to tackle these issues. From here, it can be seen that a strategic approach not only considers the win-win benefits to both parties, but it can also be a tool to foster trust (**relational**), which is lacking in the macro environment and which influences the willingness of SMEs to participate in the CSR agenda. In other words, by being transparent about the CSR process and its strategic impact, the credibility of the initiatives will be amplified. This can be achieved by establishing a clear national vision, mission and goals for the social issues that need to be tackled.

These conclusions have been influenced by the most successful CSR initiative, the launch of the “Egyptian Corporate Responsibility Centre”. The centre was established as an initiative between the Egyptian Government and the United Nations Development Programme (UNDP). It sets a clear vision to create and enhance competitive corporate social responsibility practices, resulting in sustainable impacts for responsible businesses, communities and the wider environment, in addition to encouraging competent business development and commitment to the United Nations Global Compact ten universally accepted principles (ECSRC website).

SME owner-managers who are aware of this initiative, and those who are members of the network, appraised the strategic approach of the initiative and its strategic exchange value. The centre’s vision and strategy has been translated into concrete programmes that empower participating businesses by

offering a vast array of CSR services. Those participants mentioned that the services include capacity-building of companies and NGOs through delivering internationally accredited training and education programmes and events, advocacy, consultations in setting and implementing CSR strategies, certification and awareness services to the companies that are interested in engaging in CSR, and, most importantly, developing CSR guidelines and manuals to facilitate the efficient execution of CSR strategies within business practice. In addition to the services the centre provides, it acts as the focal point for the United Nations Global Compact (UNGC) in Egypt, aiming to encourage competent business development in respect of, and commitment to the principles of the UNGC.

The significance of such a strategic approach in the promotion of CSR was acknowledged by the participants who reaped the benefits of being members of such a network, in diffusing CSR values and principles, and facilitating partnerships with business on a broad scale. This demonstrates that the adoption of CSR standards is a further enticement for institutionalising socially responsible actions.

It can be noted that the clear vision of such kinds of initiatives presents a framework for a sustainable business model that promotes CSR awareness (**cognition**) and facilitates a strategic engagement. However, it is clear that the way in which CSR is currently practised and articulated does not promote a convergence of interests between society and businesses, and thus constitutes a move in the opposite direction to strategic sustainable development. The reason for this can be attributed to the context within which Egyptian SMEs operate. Fox (2004) notes that in developing countries, where companies operate in an economy with high levels of unemployment, under-resourced or corrupt labour inspectorates, and little demand for responsibly produced goods, enforcement of legislation is low, there is limited perceived business benefit from investing in sustainable CSR practices. The findings demonstrate that the macro contextual conditions in the Egyptian context typify these attributes, as discussed earlier in Chapter 4. This has resulted in a philanthropic, ad hoc way of giving, rather than strategic exchange mode. It is manifested in the types of activities mentioned in the interviews: supporting

orphanages, building places of worship, equipping hospitals, or distributing meals and food products during religious festivals in the local village or neighbourhood. This is in addition to ad hoc contributions from businesses to support their employees, with whom they develop personal ties, or even, in some cases, their customers. In other words, they seem to give rather than investing in and/or sustaining their local community. The result is a philanthropic model of giving, which has always been strong in the Egyptian context, and which is totally opposite to the CSR practices prevalent in Western countries, which entail strategic exchanges between businesses and society (improving working conditions, training and developing skills of employees and the surrounding community, etc.)

5.3.3.1 Social capital influence in business and society strategic exchanges

This philanthropic nature of engagement can be explained by the social capital aspects prevailing in the Egyptian community, as explained in the meso-organizational section of the findings chapter. Egyptian SMEs tend to align their CSR activities with their personal interests, relationships and networks, rather than to core business competencies. Revisiting Chapter 2 in the context of SMEs, relational dimension refers to the direct relationships that the entrepreneur has with other stakeholders, and the mutual exchanges entrenched in these relationships (Jack and Anderson, 2002; Tsai and Chou, 2009). The analysis reveals that SMEs are indeed embedded in the community through these ongoing personal relationships, and it is through these personal ties that SME owner-managers fulfil their social motives. Such entrenchment was evident in many owner-managers' views, who perceived their philanthropic contributions as a key means to accommodate the pressing social needs of their stakeholders, and as an instrument in achieving the country's socio-economic development. This perception and its operationalization are mirrored in the sporadic mode of engagement, highlighted in Chapter 4. Husted and De Jesus Salazar (2006) and McWilliams and Siegel (2001) however, view CSR as a strategic issue that should be handled via a strategic approach, in order to generate business value along with the social output inherent in the socially responsible activities practised. This value creation function will be dwelt upon in the next section.

One of the greatest challenges in the research context is the integration of CSR into the national strategy in general (as explained in Section 5.3.2.1) and into the business strategy in particular. It can thus be concluded that the three functions (*institutionalizing, strategic exchange and value creation*) are mutually exclusive and are mediated by social capital aspects. Setting a clear national CSR vision, objectives and strategy can have long-term positive impacts on addressing society's disparities. Through a multi-stakeholder approach (as explained in Section 5.3.2.2) that involves social actors in CSR policy and strategy, pragmatic, market-orientated initiatives that cater for the needs of society in a strategic manner can thus be created. Governmental leadership on facilitating partnerships on a broader scale was strongly supported in the interviews. Creating synergy between public, private and third sectors means building capacities of SMEs for effective partnerships through strategic reciprocity (**relational**). This mutual benefit generation mechanism helps SMEs to capitalize on **structural social** capital (network ties) in a more strategic manner, and to focus on their core competences to cater for the real needs of society.

Such an approach also has the potential of enhancing transparency and accountability between social actors (**relational SC**), which, in turn, fosters a trustworthy environment to facilitate company engagement and cooperation towards achieving CSR objectives. As discussed in Chapter 2, Uzzi (1996) maintains that trust is a governance mechanism for embedded relations, while Barney and Hansen (1994) assert that trust can induce collective efforts for the common good. This study extends these findings and reveals that trust (**relational SC**) lies at the heart of strategic exchange practices.

5.3.4 CSR as a core value-creating function

In the current research, value creation entails more than financial profitability, which only contributes to the enrichment of the business owners and shareholders. It entails economic, as well as social value creation. This means improving the economic and social context in which a business operates by enhancing skills development, investing in infrastructure, creating jobs, changing negative cultural values and so on. Therefore, strategic exchange (discussed in the preceding section), rather than philanthropy-based

relationships, creates shared value between all parties in society. Consistent with this view, Porter and Kramer (2011) define shared value as *“policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates”*.

In the case of SMEs, CSR practices need to contribute to the firm’s core activities, as explained in the previous function, in order to create value in society. This concurs with Quazi and O'Brien (2000) research, which calls for a strategic approach to CSR. That is because one of the main objectives of SMEs is to create value for its stakeholders (Perrini, 2006). The selection of CSR activities that can tackle the needs of the stakeholders at the same time create value for the business is critical for SMEs’ survival and competitiveness (Iturrioz *et al.*, 2011). In short, selecting such activities entails a strategic approach that enhances the business value of these CSR practices. In this respect, Porter and Kramer (2006) maintain that each company needs to identify the distinctive set of societal issues that it is best equipped to tackle, and from which it can obtain the greatest benefit.

This rationalization is evident in the research. According to some SME managers interviewed, the role of their business is to create value by serving a social need in society. This agrees with Luetkenhorst (2004) and Jamali and Mirshak (2007), who refer to CSR as a mode of business involvement and value creation in society. Some of the CSR activities mentioned in the findings undoubtedly have the potential to cater for the needs of society, which leads to economic benefits and community social development at the same time. These practices range from IT services that introduce new technologies to improve performance, business incubators that provide training and mentoring for new entrepreneurs and help them succeed in developing their ideas into successful businesses, to innovative products that can change the culture, norms and mind-set of the new up-and-coming generation. The social issues include human development, poverty, unemployment, environmental pollution, income and educational inequality, child labour and workers’ rights, corruption and, most importantly, promoting a culture of CSR. Indeed SME CSR can play an

enormous role in influencing the cultural shift needed to support CSR, through its operations in society.

Strategic approaches have the potential to create value for business and for society at the same time (Avram and Kühne (2008). Indeed, sustainability-minded companies have shown that their support for strategic CSR projects derive dual benefits. Such rationalization of CSR is an effective, more viable and pragmatic tool for the diffusion of the CSR idea among SMEs (Vogel, 2005). It is particularly compelling in the developing country context, as Jamali and Mirshak (2007) observe. They argue that the underlying appeal of such an approach is that it taps into the unique capabilities of the business to reconcile bottom-line goals with societal interests and to address the challenges of scarce resources, survival issues and unfavourable contextual conditions that small businesses in these contexts are struggling with. Aligning with the current research findings, survival goals are cited as a major issue and constraint for SME CSR involvement. This supports Fülöp *et al.* (2000), who provide empirical evidence from developing countries which indicates that pressing survival concerns can divert business attention from pursuing social welfare goals in a strategic and sustainable manner. In order for SMEs to survive, and secure strong long-term value growth, they must therefore realize that sustainability is a prerequisite for profit, and for their continuity in the market, so they need to prioritise CSR-related issues.

This link between sustainable business practices and value creation is reported in the literature (Porter and Kramer, 2011), and has been fully appreciated in Western communities. However such appreciation is still lacking in the developing world (Atiq, 2013), particularly the Egyptian context. The promising examples represent only a small fraction of the SME community. Most of these strategic efforts are individual, and almost entirely dependent on the owner-manager's cultural values, personal beliefs and educational background.

These findings stress the reality that governments therefore play a pivotal role in the institutionalisation of CSR, through soft tools, along with regulatory binding tools, in order to ensure that these practices create value in society. This interrelation between the institutionalizing function and the value creation

function is depicted in Figure 5.3. It is essentially due to the voluntary nature of CSR, touched upon above, where a company's operation and activities are based on the shared perception (**cognitive**) between the company and its stakeholders on environmental and social matters. This shared understanding of CSR is mostly philanthropic, and can harm, more than help society, as explained in the finding chapter. Ultimately, it leads to an independent, rather than sustainable society.

5.3.4.1 Social capital and value creation

Social capital is the mechanism through which these goals can be achieved. By setting clear policy frameworks, using their endorsing role, government articulation of the idea that business has social responsibilities can guide SME investment, so that behaving in a socially responsible manner will become inherent in owner-managers' business methods.

Setting shared values and norms through a common vision can help to develop such collective CSR awareness (**cognitive**), which, in turn, enables strategic collective action (**structural**), to the benefit of the whole society (Tsai and Ghoshal, 1998). The cognitive aspect of social capital is described by Coleman (1994,p.315) as "*the public good aspect of social capital*", where shared codes between members of society facilitate a collective understanding of the common goals and ethical ways of behaving in a given social system (Tsai and Ghoshal, 1998).

Without collaboration, as is the case in the research context, SME attempts to tackle social problems on their own has proved to be ineffective in the development of society. Strategic collective exchanges, on the other hand, create shared value in society between all parties. For **business**, strategic partnerships have the potential to offer effective resource allocation and long-term social projects sustainability, which is largely absent in the one-way philanthropic relationships between businesses and not-for-profit, or non-governmental organizations. For **society**, it allows companies to embed CSR in the broader social culture, by providing knowledge base and infrastructures, such as management and marketing expertise, both financial and technological, that uplifts society. For example, regarding the poverty problem

in Egypt, Porter and Kramer (2011) assert that poverty leads to unhealthy employees, high security expenses and environmental degradation, and restricts the demand for company products. In line with the previous literature presented in Chapter 2, the social role of SMEs is depicted by their efforts to boost job creation for the less well-off, who cannot be employed by big companies or government. In this manner, they contribute to poverty alleviation and to the fair distribution of income, which results in the overall stability and social cohesion of the community (Jarvis, 2004; Vives, 2006; Spence and Painter-Morland, 2010). Porter and Kramer (2011) emphasize that, in so doing, businesses create shared value in society, by opening up many new needs to be met, new customer bases to serve and new products to offer. Here, one can argue, is where the power of CSR lies, in not only developing, but also sustaining the developing countries' economies through efficient resource utilization. Earlier, Bowen (1953) envisioned the same value for CSR when he conceived it as an instrument for a better American society. For **NGOs**, strategic collaborations with business offer the possibility to decrease their reliance on contributed income obtained through charitable donations, and to build their knowledge, financial and management base, which many organizations find difficult to develop in-house.

Aligning with Jamali and Mirshak (2007) study, the findings suggest that such collective action for the goals of social integrity, environmental protection and poverty eradication can only be achieved through heightened forms of collaboration between the public and private sectors, and non-governmental organizations (NGOs). These efforts in turn, promote the kind of CSR which contributes to establishing social structures that facilitate collective action and shared value, rather than individual activities that have minimal developmental impact, such as those practised in the research context. While some shared value opportunities are not possible for a business to seize on its own, through concerted efforts it can benefit from resources, insights and skills that cut across private/public and profit/non-profit boundaries (Porter and Kramer, 2011).

One can argue, along with Putnam (1993) that the insights gained from the social capital approach endorsed by the Egyptian SMEs turned out to have

powerful practical implications in addressing the socio-economic issues faced by developing countries. A society that is endowed with a considerable stock of social capital, embodied in networks of civic engagement, reciprocity and norms of trust, is in a robust position to alleviate poverty and vulnerability (Moser and World, 1996), which is a prerequisite for economic progress (Putnam, 1993). The observations from the findings support Putnam (1993), who highlights the significant role of social capital in relation to community prosperity and value creation. His studies in Italy and the United States, which he referred to as the “*bowling alone*” phenomenon, as a metaphor for the demise of community life and associations, revealed the effects of social capital, exemplified in networks and social ties, on both government and economic performance (Fuller and Tian, 2006). This implies that collective action for the common social good is made possible in a community that accumulates a considerable stock of social capital (Putnam, 1993).

Trust is arguably the cornerstone of these collective arrangements (Tsai and Ghoshal, 1998). Its existence indicates greater openness towards value creation, because it contributes positively toward the exchange, combination and effective utilization of skills and complementary resources between different business actors and partners in the firm’s network (Nahapiet and Ghoshal, 1998). However, as discussed in the findings, the deficient institutional structures in the Egyptian context have contributed to decreased stocks of social capital, particularly **trust**, which, if it existed, would have otherwise catalysed actions that could positively impact social as well as economic well-being. These findings challenge previous research, which claims that trust is mainly based on deeply rooted culture traditions (Putnam *et al.*, 1993; Fukuyama, 1996). Although one cannot negate the important role that culture plays in building trust, the empirical evidence shows that the capacity of constructing and nurturing trust is highly determined by the kinds of institutions within which the firms exist.

5.4 Implications of the findings to other developing countries contexts

Although this research reflects the reality and the particularities of the Egyptian context, however, the findings of qualitative inquiries remain transferrable (as opposed to generalizable in quantitative research terms) to other contexts and this applies to the current research.

The findings of the research has been synthesized in a research framework (see Figure 5.3, Chapter 5) which can be operationalized in a culturally and religiously bound and government dominated contexts like that of developing countries. The research framework suggests that CSR has three mutually reinforcing functions in these particular contexts. Those are institutionalizing, strategic exchange and core value creation functions. These functions can act as instruments for other developing countries' policy makers and practitioners to develop policies that guide socially responsible and sustainable managerial practices. Therefore, for other developing countries who share similar political instabilities, environmental degradation, economic problems, poverty levels, inequality, social polarization issues, religious and cultural influences, the proposed research framework with its three functions (institutionalizing, strategic exchange, core value creation), can be utilized and operationalized in these contexts to mitigate the influence of the unfavourable conditions on these societies. Not only this, but also by operationalizing this framework and by embedding it in the institutional and cultural infrastructure of these countries, it can further enhance their social and economic development.

The *institutionalizing* function has priority in the developing country contexts in many ways. In countries where weak institutional social welfare structures exist, institutionalizing CSR has the potential to create an enabling framework for business in order to go beyond compliance and beyond the voluntary activities that is kept to the discretion of the SME owner managers who lack the capacity and business motivation to engage. This research argues that this voluntary nature of CSR, rather than the institutionalizing, mandatory nature, proposed in this research, can work in the developed countries but not in their developing counterparts.

Institutionalizing CSR in developing countries, through the four roles suggested in Chapter 4, section 5.3.2, therefore has the potential to engage SMEs in sustainable *core value creating* practices that contribute to solving the common problems prevailing in these contexts. In that sense, this research advocates a *state-led* approach to CSR in developing countries that include creating vision, national plan, public policies, laws and regulations that govern business and society relationships (enabling role). Some of these regulations suggested in this research and can indeed be applied in other developing countries to fight corruption for example are those related to transparency and governance (e.g reporting and disclosure). Other laws that can be enforced to fight social inequality issues in these contexts are related to child labour, labour rights, health and safety of employees and minimum wage.

Through the *supporter* role that calls for creating incentive mechanisms and structures to encourage social engagement is another uptake from the research as suggested by the research framework: financial rewards, tax incentives and symbolic incentives are priorities for motivating CSR among businesses operating in these contexts. In addition, developing management tools (CSR indicators, rankings, and benchmarks) has the potential to change the view that social engagement and philanthropy are the only possible faces of CSR in developing countries. It rather extend business's responsibility to all stakeholders along the value chain.

The "*multi-stakeholder*" approach, suggested in the *mediating* role, to be adopted by policy makers, NGOs, private businesses, can create a governance structure that is lacking in these developing countries contexts, converge CSR initiatives, and transform the ad hoc, sporadic fashion of social engagement prevailing in developing countries, into strategic and sustainable practices.

Such institutionalizing functions can ultimately create and develop strategic exchange mechanisms between business and society. Considering CSR as a business strategy that contribute to a business sustainability and competitiveness rather than a philanthropic activity as prevailing in developing countries can lead to many business benefits (e.g reputation, market opportunities, financial links, etc). Through reconciling the conflicting goals of

business and society (economic vs society well-being), CSR therefore can act as function of core value creation, in environments where negative externalities like corruption, social polarization and poverty prevail.

Another implication of the proposed framework to other developing countries settings, concerns the multi-layered levels of analysis of CSR. CSR in developing countries is still very much dependent on the institutional strengths (macro), cultural values and religious beliefs (macro and micro) and informal networking and relationships (meso). Examining and considering different levels of these dynamics is therefore increasingly important to understand CSR in these contexts and to develop incentives and supporting infrastructures that respond to these dynamics.

5.5 Conclusion

This chapter has presented a discussion of research findings in relation to the key theoretical framework, multi-layered analysis and literature reviewed in Chapter 2. The central premise of this research is that a micro-meso-macro link exists between social capital and CSR in Egyptian SMEs. Analysis of interactions between SMEs and actors interested in CSR offers insights into how the practices and meanings around CSR are crystallised in the Egyptian context. The findings highlight the interface between the dimensions of social capital and their combined impact on the CSR practices of SMEs, and uncover the embeddedness of such practices in the wider macro field. The macro-contextual environment has a significant bearing on the meso-level, namely structural and relational social capital elements, which shape CSR practices and conceptions at the micro-cognitive level. This suggests that linkages between the dimensions of social capital have a significant effect on CSR.

With regard to CSR development and impact in Egypt, although the national agenda is largely driven by the private sector and civil society, it becomes clear that the initiatives are largely shaped, or sabotaged by the context-specific factors within which these entities operate.

The findings highlight the interplay between the macro-contextual factors dimension, mediated by the social capital dimensions. In this respect, the analysis confirms that, indeed, the macro-environmental constraints divert business attention from tackling social problems prevailing in the developing countries context. Three main functions of CSR have been shown to contribute to the social sustainability and development of the country: institutionalization, value creation and strategic exchange. These functions are not mutually exclusive, but they are intertwined. Social capital elements form the vehicle to embed these functions in the economy and society.

Chapter 6: Conclusions

6.1 Introduction

The aim of this chapter is to present the conclusions of the research, which has explored the potential role and contributions of SMEs in the context of CSR within a developing society, using insights from social capital theory as a tool for ethical behaviour in the business domain. The research focuses specifically on the role of institutional dynamics in enabling, or constraining SMEs in fulfilling their role towards society. A multi-layered analytical framework has been utilized to uncover that role, enabling the research to explore the interwoven relationship between the micro-individual, meso-relational processes and the macro-field dynamics of the business environment (economic, cultural, socio-political and socio-legal).

The chapter begins with a review of the research aim and objectives. The major findings of the study are then discussed in light of the research aim and questions. The contributions and implications of the research on CSR in SME literature in developing countries, together with its managerial implications, are also examined. The chapter concludes with limitations of the study and suggestions for future research.

6.2 Revisiting the research aim, objectives and questions

The research aim, objectives and questions were refined in the course of this doctoral study. The emphasis was on the CSR understandings and practices of Egyptian SMEs and the wider socio-economic and political impact. The overall aim of the study was identified as follows:

To generate insights into CSR conception and practices as exercised by SMEs in Egypt and the resulting overall impact.

In order to address this overall aim, four research objectives and related questions were formulated. The ensuing sections present key findings, addressing each research objective and conclusions reached, drawn in the light of data collected, and guided by the multi-layered theoretical and analytical framework presented in Chapter 2 (see Figure 2.6).

6.2.1 First and second research objectives:

- **To explore SME owner-managers' conceptualization, perception and motivation for their role towards society**
- **To investigate the CSR practices and activities of SMEs, and the role played by stakeholder relationships in shaping these activities**

Associated research questions were formulated as below:

RQ1: How do SME owner-managers conceptualize and perceive their role towards society?

RQ2: What motivates or discourages SME owner-managers from engaging in CSR activities?

RQ3: How is SME owner-managers' conceptualization of their role in society operationalized and translated into social practices with the business stakeholders?

RQ4: How does the nature of relationships between SMEs and their stakeholders influence their CSR engagement?

The findings of the current research indicate that there is a definite sense of socially responsible activities and practices rooted in SME owner-managers' perception of the outside world. In the Egyptian context, CSR is a result of the reflection by SME owner-managers on their role in society. This reflection and perception stems from the relationship with their stakeholders. In other words, it is a result of a dialogue (implicit or explicit) between SME owner-managers and their stakeholders about their expected role in society. From a social

capital perspective, it is the shared meanings, understandings, norms and language between different actors in society.

Therefore, CSR in the research context can be described as a “relational or “social” practice (Argandoña and Von Weltzien Hoivik, 2009), rather than an “ethical” or “moral” duty, as is the case in the developed world, since the duties are moulded in a complex web of relationships within which the business is embedded. The dialogue between the business and its stakeholders results in a unique and sometimes peculiar definition of the social responsibility of business in the Egyptian context, as outlined in Table 5.1, Chapter 4, since social expectations and norms determine what is considered to be right and what is considered to be wrong.

In this respect, the results suggest that the majority of Egyptian SMEs share similar dynamics of understanding and practice of CSR, which is inspired by SME owner-managers’ religious values, cultural traditions, solidarity and social cohesion. In the developed countries, CSR is entwined with public policies, laws and regulations. In Egypt, SME owner-managers’ perceptions and common language are further shaped by a diverse array of factors at the macro level that are moulded by social capital dimensions at the meso and micro levels. For example, the motive of SMEs to solve social distress may be triggered by the tough economic conditions. The harsh economic climate can yield rather surprising results, in which practices that may be considered a violation to human, workers’ and child rights (i.e. child labour) are deemed to be the norm and a common, if not expected social practice. Corruption, at the national level, is another macro-contextual factor that is linked to CSR conceptualisation. Adhering to the laws and regulations is considered a socially responsible practice, rather than a taken-for-granted responsibility, as is the case in Western communities. In short, avoiding socially irresponsible behaviours (tax evasion, bribery, child labour) is what SMEs consider to be CSR. These results highlight the CSR challenges of SMEs in the Egyptian context, where workers’ and human rights, and child labour are considered CSR priority issues.

In spite of this peculiar CSR conceptualization, one might say that CSR in the Egyptian context is not new to the embedded local SMEs, but is practised in a fundamentally different, incidental and sporadic manner that reflects the specific needs of society. These conditions have resulted in the current misunderstanding of the real underpinnings of the CSR concept. CSR is about building capacity and meeting the needs and priorities of local communities in a strategic and sustainable manner (WBCSD, 2001). However Egyptian SMEs often perceive CSR as a burden, rather than a tool for the support and sustainability of their business and the community at large.

Viewed through a social capital lens, the reasons behind such understanding, and the ad hoc approaches of dealing with the CSR idea have been uncovered. According to social capital theory, there is a clear link between values and morality, and the nature of mutual obligations, expectations and responsibility between various social actors (Fuller and Tian, 2006). Due to their embeddedness in society, CSR practices in SMEs are largely based on informal relations between the company and its stakeholders. SMEs therefore perceive that their contributions to society should be confined to voluntary charitable practices that stem from long-standing religious and cultural beliefs and norms. These beliefs place expectations and unjust burdens on them to fulfil the most pressing needs of their stakeholders on a short-term basis; hence the ad hoc and philanthropic mode of giving that is based on the day-to-day situation.

This link between the micro and meso levels is explained by the sense in which social capital is most commonly described and defined by the majority of the participants. Social capital resides in the relations between and among individuals, and is a productive asset, enabling social actions and behaviours (Coleman, 1988) or, in some cases, disabling social actions, as is the case in the research context. At the meso-relational level, by strengthening ties to all relevant stakeholders, an SME owner-manager can establish and reinforce the embeddedness of the company as a trustworthy and socially responsible entity in the community. This demonstrates the dynamics of what is described in this research as a “mutually constitutive relationship” between CSR and social capital (Ibrahim *et al*, 2012). In order to build up and sustain their social

networks, SMEs in developing countries rely heavily on ties such as norms, religion and social customs to respond to stakeholders' needs. This is manifested in the analysis, where the relational dynamics prevailing among the Egyptian SMEs is shown to be the main enabling factor for their CSR practices. These elements, in turn, foster trustful, durable relationships which have the potential to facilitate the sustainable business practices of these companies.

This link between values and the nature of mutual obligation also determines the degree to which society controls moral behaviour. In the Egyptian society, this link is missing, resulting in poor social capital in terms of trust, reciprocity and identification. This explains the low adherence to social and ethical principles; individuals are often willing to compromise their value system because of economic distress and perceived corruption.

This situation can be further explained by the structural dimensions of social capital. The discussion above implies that social capital denotes the norms and networks that enable people to act collectively. In the research context, these norms have deteriorated, and have been degraded by the institutional environment, producing a divide between social actors. This divide is particularly notable in public-private relationships, due to the power distance society has created through the increasingly prevalent corruption. The output of such relationships is that each social actor works in isolation, creating an atmosphere that fosters unethical practices, and lack of accountability and transparency.

Such isolation further impacts the nature of current CSR practices which favour short-term metrics that are mostly disconnected, due to lack of collaboration between social actors. It is noteworthy that SMEs are contributing to the development of Egyptian society in their own way, but it seems that many of them are not aware that this is what they are actually doing; most SMEs do not have a vision plan, and have yet to define their priorities and what they aim to achieve through their CSR interventions.

The provision of a strategic business frame around what SMEs are already doing has yet to take place, although it is much needed. This could be

achieved through strengthening the ties between social actors, including businesses, NGOs and government entities. Therefore the most genuine approach to CSR is one that begins with disseminating and creating awareness at the micro level about the value of fundamental principles of CSR, such as integrity, respect and fairness. These values should underpin SME behaviour, activities and functions in a more strategic fashion. In other words, CSR can be articulated as a concept that is about how to operate a business on a day-to-day basis, rather than being merely an add-on activity. It starts with embedding CSR principles in the culture of a business and a society, and extends to include more proactive aspects of positive social and environmental contributions. Hence, the intertwined relation between the micro-meso-macro dynamics becomes clear.

6.2.2 Third objective:

To explore the role that macro-environmental factors can play in enabling or constraining SME engagement in CSR practices.

Associated research questions are as follows:

RQ5: What are the macro-contextual dynamics, dictated by the socio-cultural, economic and political conditions, influencing SMEs' conceptualization and motivation of CSR in the Egyptian context?

RQ6: How can the macro-contextual dynamics, i.e. the socio-cultural, economic and political conditions, influence SME operationalization of CSR in the Egyptian context?

RQ7: How can the macro-contextual conditions influence social capital stocks that facilitate or deter social actions?

This research uncovers the role of institutional dynamics in enabling, or constraining SMEs in fulfilling their role towards society. At the macro-level, the study looks specifically at the way in which the institutional dynamics enable or hinder SMEs in fulfilling their role towards society. Table 6.1 summarizes these macro factors, and shows how they can enable or constrain SME CSR

engagement. The research argues that social capital is influenced by institutional arrangements and environment, and accumulates through cooperation between networks facilitated by various institutions. In turn, at the micro-individual level, SME owner-managers' conceptualization, perception, motivation and approaches to CSR-related issues in the Egyptian context and elsewhere, are highly influenced by the institutional context in which they are embedded. The specific context in which the business operates dictates the structure of the relationships that enable, or disable the sustainable social practices of that group of companies. The analysis thus reflects the specific local dimension of the CSR concept, which has been highlighted in the literature; hence the research provides empirical evidence for the uniqueness, nature and dimensions of the context-specific factors that shape the CSR phenomenon. The research concludes that SMEs' diminishing stock of social capital in this context is due to the lack of an enabling institutional environment to facilitate cooperative and collective actions that lead to social well-being.

Endorsing strategic CSR practices through a national vision has the potential to combine multiple attributes of social capital that can ultimately build well-structured networks of relationships, with rich ties to groups or individuals who have the same goals and motivations as the SMEs.

Table 6-1 Macro-level factors

Macro-Condition	Effect on CSR
Political-structural influences	<p>Enabler:</p> <ul style="list-style-type: none"> • Triggered the uprising that restored social capital bonds, leading to collaboration & cooperation to improve the social well-being of society <p>Constraints:</p> <ul style="list-style-type: none"> • Provides a ripe environment for the fostering of unethical social practices which violate human & labour rights, & encourage corruption & favouritism • The segregation of the political environment from civil society constrains collaborative CSR practices that address social needs
Economic conditions	<p>Enabler:</p> <ul style="list-style-type: none"> • Poverty & poor economic conditions enable CSR, in the sense that SME owner-managers respond to the immediate needs of stakeholders

Macro-Condition	Effect on CSR
	<p>such as employees & community in a proactive manner, in terms of philanthropic giving</p> <p>Constraints:</p> <ul style="list-style-type: none"> • Tough economic conditions have not fostered creation of CSR activities that are strategic & long-term oriented • Because of their need to survive in the market, SME owner-managers focus on the economic bottom line, & other bottom lines (i.e. social & environmental) tend to be neglected • The obligation to fulfil basic economic needs leads to increasingly unethical practices in business & social dealings (e.g. unethical dealings with customers, bribery, nepotism, etc.)
<p>Socio-political factors</p>	<p>Constraint:</p> <ul style="list-style-type: none"> • Social & political corruption changes norms & social values in a way that legitimises unethical behaviour • Corruption diminishes the level of trust in the system, resulting in lack of adherence to minimum legal obligations (e.g. paying taxes)
<p>Socio-legal factors</p>	<p>Enablers:</p> <ul style="list-style-type: none"> • SMEs owner-managers resort to informal social networks for exchange of benefits & resources, as a tool for their CSR engagement • Lack of formal social networks & legal infrastructures pave the way for network opportunities & ties in order to build the capacity needed for SME social engagement <p>Constraints:</p> <ul style="list-style-type: none"> • Lack of established & structural linking mechanisms for social networks decreases the impact of CSR activities on society • Lack of governance structure for social networks (i.e. NGOs) creates trust issues. SME owner-managers are sceptical about the credibility of these networks. This hinders partnership & collaboration opportunities between the parties involved • Lack of incentive structures for CSR practices (e.g. tax incentives) impedes CSR
<p>Cultural influence</p>	<p>Enabler:</p> <ul style="list-style-type: none"> • Adherence to social values, which are deeply rooted in a mix of Islamic, Coptic & traditional Arabic principles that dictate ethical & social dealings in society, facilitates social responsibility <p>Constraint:</p> <ul style="list-style-type: none"> • As a result of tough economic & political conditions, social values have tended to be more individual rather than collaborative. The focus is self-interest, bottom line & short-term survival rather than the common social good
<p>Religious influence</p>	<p>Enablers:</p> <ul style="list-style-type: none"> • Strong adherence to religious principles that advocate CSR values in society • A reference for controlling behaviour in society • Ensures legitimacy of business to behave in accordance with societal

Macro-Condition	Effect on CSR
	<p>expectations, hence encouraging CSR practices</p> <p>Constraint:</p> <ul style="list-style-type: none"> • The need to adhere to religious principles ignores consideration of the impact of the CSR activities practised, resulting in philanthropic, rather than strategic giving

6.2.3 Fourth objective:

- To examine the overall impact of SME CSR practices in the Egyptian context.

The associated research question is as follows:

RQ8: What is the overall influence of SME CSR conceptualization and operationalization on the well-being of society?

Owing to the institutional voids present in the structure of the Egyptian society, this study shows how the interaction between SME owner-managers and the macro factors influencing their operations and social practices aggregate to form extensive patterns of socially responsible/irresponsible practices and behaviours. A philanthropic pattern of engagement has emerged as an alternative for substantive public services. Hence, the current CSR initiatives, although promising, are performed in a sporadic, piecemeal and often superficial manner. CSR therefore needs to be mobilized more effectively in society in order to serve as a socio-economic developmental tool. Through *institutionalizing* CSR, capitalizing on *value creation* and practising it in a *strategic* manner, this goal can be deemed possible. The Government's role is instrumental in this respect. It needs to endorse, mediate and collaborate, support, control and legislate on CSR principles, aspects and practices within the business environment.

These roles can only be facilitated through leadership that shows strategic commitment to sustainability and responsibility, and is therefore a key driver

for sustainable CSR practices in the research context. It can advocate CSR as a strategy and push for certain sustainable initiatives or programmes. These can be catalysed by ingraining social capital elements into the relationships. Through creating a vision for CSR, its strategic and operative implementation and its cultural embeddedness within SMEs, these goals can be achieved.

In order for the business sector to move to a more proactive and engaged stance, many CSR practices that are violated need to be enforced by regulations. These include activities related to child labour, human rights and environmental protection. CSR principles therefore need to be institutionalized by legislation, rather than being practised on a voluntary basis.

In this respect, a significant shift of thinking away from the voluntary nature of CSR has emerged from the current research - a shift that calls for mandatory laws on the promotion of CSR. Voluntary action and a self-regulatory approach are not sufficient to fight the CSR challenges faced in the research context (e.g. corruption, human development, etc.). Governments have the greatest propensity to generate positive social capital through passing it in the form of social norms and rules directed at both public and private entities. This is one of the most effective safeguards against corruption, as noted by Fukuyama (2010).

Through their legislative role, CSR regulations that require firms to increase minimum standards (i.e. of reporting, disclosure standards, workplace health and safety standards, wage ceiling, environmental standards, etc.) can nourish the development of their perception in society. CSR will therefore become the norm in the business community, and the cultural expectation of society at large. With such shared understanding, every member is expected and obliged to adhere to these norms, hence altering the broader societal norms and values of the culture at the macro-contextual level to a socially responsible one at the micro-cognitive level of the members of Egyptian society. Collaboration between individuals sharing the same ethical and responsible principles is therefore deemed possible.

The legislative role should be accompanied by support and transparency from the regulatory bodies. For example, rigorous reporting guidelines and auditing from an independent third party could be valuable. That is not to say that all aspects of CSR need to be compulsory. In a context like Egypt, mandatory practices push the companies to consider and integrate social initiatives into their operations, which they would not have done otherwise. In return, these mandatory costs need to be compensated in monetary (tax incentives) or symbolic ways (rewards, recognition); hence the significance of the supporting role of Government. Creating a supportive climate that maximizes the potential for SME contributions to solving social issues, rather than deterring them from engagement, as is the case currently, is therefore essential.

6.3 Contributions of the research

On a theoretical level, the primary theoretical motivation for the study is to address a gap in the research, whereby the key concepts of CSR, social capital and a multi-level theoretical framework overlap. This research can be explained through four interconnected research threads. **First**, there is a well-established body of literature underscoring the important relationships between CSR and SMEs, and the significance of examining the phenomenon and its impact on the well-being of the society in which the SMEs operate. As discussed in Chapter 2, extant research approaches CSR from the perspective of large and multinational companies, while disregarding the role of small businesses in developing social well-being. The research, therefore, moves the discourse on CSR forward by empirically exploring the CSR phenomenon in small and medium-sized companies in a developing country context. **Second**, the renewed interest in the role that relationships can play in SME development urged the researcher to examine SME engagement in the CSR phenomenon by use of a theoretical lens, through which the relational dimension of such engagement can be captured. Social capital has been identified as a concept that contributes to the understanding of the CSR phenomenon in the SME context. There is evidence to suggest that CSR is facilitated by intensive social interactions of human actors. **Third**, in the social capital discourse, there is a surge of interest in understanding how the social context in which businesses are embedded influences the exchange of benefits and access to sources of knowledge and other direct benefits of social capital. In examining these

research threads, it became obvious that a systematic, multi-level theoretical analysis of CSR and social capital in an SME context does not exist, although it is needed.

In order to address this gap, the current study has developed a conceptual framework that provides a systematic examination of the CSR phenomenon in the SME context, and reconciles and integrates these streams of research. The framework incorporates a sociological lens that treats CSR in a socially-centred manner, reflecting the reality of SMEs, which depend on relationships and networks to secure their survival. Social capital theory aligns well with the multi-layer approach; applied together they allowed the current study to reveal specificities of micro-cognition, meso-relational and macro-environmental issues pertaining to CSR in SMEs, by mapping onto aspects of social capital, such as trust, reciprocity, identification, mutual obligations etc. The framework therefore arguably presents a useful theoretical approach to understand how social actors' relationships, and the structure of networks in which they interact, can help shape CSR, and bring about favourable or unfavourable social change. Such treatment of the CSR phenomenon is argued in this research to offer a powerful explanation of the complex interplay of many dimensions within an SME context. This accounts for the major theoretical contribution of the study.

On a methodological level, the research follows a qualitative research design that allows understanding of the CSR phenomenon from the multiple perspectives of social actors who shape the implementation and operationalization of the CSR idea. This research therefore makes a methodological contribution, by applying a social constructionist lens to explore CSR perceptions and practices in the socio-cultural context of Egypt. The objective of the research inquiry is to capture those meanings. The current study moves the field of CSR forward by revealing how SME managers construct their own reality regarding CSR, and why and how they enact this socially constructed reality in their social world.

Extant CSR research is dominated by quantitative approaches, which do not capture the perspectives of the actors implementing it. This particularly applies

to small business research (Luetkenhorst, 2004; Moore and Spence, 2006; Spence L.J., 2007; Spence and Painter-Morland, 2010; Fassin and Buelens, 2011). The issues highlighted in Section 6.2, addressing the research objectives, support the positioning of the researcher in embracing a qualitative inquiry to investigate the CSR phenomenon in an SME context. The findings reveal that the factors influencing CSR at each level of analysis are diverse, complex, and sometimes overlap. This indicates that academic research in the area of CSR in SMEs demands a suitable methodological approach, which captures the dynamics of CSR and the multiple realities shaping it. In addition, since a consensus about a definition for CSR does not exist (as discussed in Chapter 2), the methodological approach adopted plays a significant role in conveying the multiple meanings attached to CSR.

On a contextual level, in relation to CSR in developing countries literature, the research contributes to the growing body of research, by providing clarification and empirical operationalization of the CSR concept, as stemming from, and grounded in, the rich empirical evidence in the context of a developing country. It is the first research to look into CSR dynamics of SMEs in Egypt.

Study of a developing country perspective is essential in the CSR debates, since the dynamics and challenges of these contexts differ from those of developed countries (Prahalad, 2005; Visser, 2006; Jamali and Mirshak, 2007; Dobers and Halme, 2009), as discussed in detail in Chapter 2. The unique characteristics of developing country settings bring a new and different meaning to the Western operationalization of the CSR concept. Therefore this thesis makes a significant contribution to the existing knowledge on CSR, by empirically operationalizing the concepts in the context of Egypt.

The research reveals that the CSR phenomenon is, indeed, context sensitive, and that it is shaped by a combination of macro-level factors, as summarised in Table 6.1 in the preceding section. The current study contributes to existing scholarly knowledge and understanding by underlining the context sensitivity of the CSR phenomenon. The results of the research agree with previous studies in these contexts which suggest that CSR has a prominent role in poverty reduction, and in addressing many other social problems in developing

countries (Jenkins, 2005). In the Egyptian context, poverty is a serious problem. Strategic approaches to corporate social responsibility could be used to help society mitigate these problems. Mainstreaming CSR in the operations of a significant sector in the development of the economy, such as SMEs, has the potential to add value in the pursuit of equity and poverty elimination, and can play a crucial role in sustaining the economy.

By providing an empirically grounded theory of CSR in SMEs, based on rich empirical data, this empirical application and theorization can pave the way to further development in the field of CSR in developing country SMEs, and to future research in this area.

On a practical and policy level, the current research aims to bridge the gap between academic debates, practitioner actions and policy-makers by empirically investigating the CSR phenomenon. It contributes to the ***practice*** by highlighting the core understandings, approaches and CSR challenges that SME owner-managers face in practising CSR. Such understanding has the potential to direct their social contributions beyond simple philanthropy, towards a more substantive commitment to address the engrained social problems in the research context, and move society towards sustainable development. The research offers new insights into the local and cultural specifics of SME CSR engagement in the Egyptian context. These insights have the potential to inform a more nuanced policy agenda which links up to the country's socio-economic development and related public policy.

On the ***policy*** level, the findings suggest that CSR in general, and SMEs in particular, can be viewed in the Egyptian context as a way out of poverty, corruption, unemployment, economic stagnation and environmental degradation. Mainstreaming CSR approaches and initiatives in the sector is therefore essential. In order to effectively mobilise SME efforts for environmental and social purposes in the Egyptian context, a pre-condition exists, which is to understand the profile of the philanthropic model of giving, which springs from the prevailing cultural traditions and religious beliefs. We hope that the current research has achieved part of that goal, by highlighting the social relationship and pattern of connections between individuals,

businesses and institutions. These facets, which determine the ethical quality of social capital (Maak, 2007), represent an important collective influence on the development of a socially responsible environment within and among Egyptian SMEs. The focus should therefore turn to the provision of conducive conditions, characterised by a durable social capital environment, which could contribute to the growth of local engagements by SMEs in sustainable practices.

At the interface of the micro and meso levels, the analysis shows a noticeable willingness on the SME side to advance and expand their practices and efforts to improve the socio-economic conditions of the community. For a culture of CSR to fully take root, social responsibility must be conceptualised as a national obligation, and SMEs should be educated and guided to identify the areas in which they can deploy the greatest impact and resources for development (i.e. human and working rights) due to their proximity and direct relationships with the community. Thus, at the macro level, this is an opportunity for policy-makers to expand their efforts to promote the take-up of mainstream CSR by SMEs, which stems from a strong tradition of giving back in a more structured and strategic manner, with no expectation of return. In addition to adherence to soft law standards, policy-makers need to develop a binding regulatory structure or framework for SME activities, aiming to align these practices with the goals of social equality and inclusive development. Support should be provided by offering, for example, legal and tax incentives to businesses, to make it economically attractive to establish long-term projects aimed at achieving sustainable development. At the meso level, in order to 'capture' some of the giving, trustworthy structures and increased networking have the potential to catalyse the business solutions for sustainable development. This could ultimately augment the financial resources available for sound development and social justice programmes.

The research findings could be interesting for SME owner-managers, consultants and policy-makers who have vested interest in CSR activities in a developing country context. The insights obtained might enable them to

identify areas of further development, by gaining knowledge about the particularities of these activities.

6.4 Limitations of the study and directions for future research

Due to the exploratory nature of this study, the current research was conducted across various sectors of business. Cross-sectoral investigation of CSR was not included in the research. Moreover, the study was carried out only from the perspectives of SME owner-managers and managers of pertinent NGOs and developmental organizations involved in the design and implementation of CSR initiatives in the Egyptian context. Hence, this thesis has not investigated the role that other stakeholders might play in shaping SME CSR practices.

Finally, by concentrating particularly on the Egyptian context, the findings may not necessarily reflect CSR understandings and practices in the entire MENA region or Arab world. However, they generate useful insights into a developing country context, in which the macro-contextual dynamics are similar.

These limitations of the current study pave the way for future research opportunities. One research avenue worthy of investigation would be to conduct cross-sectoral research on SMEs. Scholars might carry out research into how CSR understandings and actions vary according to different industry sectors.

Another opportunity for research is to extend the sample to wider stakeholders with whom SMEs are in continuous interaction. Future research could carry out stakeholder mapping for CSR in SMEs, and compare and contrast views of different sub-groups of stakeholders (e.g. customers, employees, suppliers). Such future studies could contribute immensely to the knowledge by generating a more holistic understanding of CSR conceptualization, actions and overall impact on business and society relationships in a developing country context.

Another future avenue could consider the cross-cultural study of the topic within the MENA region. Given the commonality in the macro-contextual environment, such as political instability, lack of an enabling institutionalized environment, importance of cultural values and impact of religion, cross-cultural studies could provide valuable insights into existing knowledge in the developing world in general, and in the Arab and Middle-Eastern regions in particular.

It would also be worthwhile for positivist researchers to build on the insights generated in the current research and test it on a large sample of SMEs in Egypt, or across different Arab and Middle-Eastern countries, to validate the findings of the study and apply them to the whole SME sector in these contexts. Such studies could contribute significantly to CSR of SMEs in developing countries.

6.5 Implications of the current research to other developing countries contexts

(Yin, 2009) contend that the focus of qualitative studies is on “analytical generalizability”. In that sense, it is argued that the current research allows the transfer of the findings to other developing countries contexts as it allows the readers to recognize essential similarities to contexts of interest to them, and thus they can establish the basis for future research in CSR in developing countries.

The current research achieved these objectives by providing a rich description of the particular conditions shaping CSR conceptualization and operationalization and its overall impact in the Egyptian context. It delineates the interface between the macro conditions, meso relationships and micro cognitions that influence SMEs engagement. In that respect, Lincoln and Guba (1986) maintains that transferability (i.e generalizability in quantitative terms) of a given research, can be enriched through providing such detailed description of the context of the study, so that the readers of the research are themselves able to transfer the findings to their own settings. That view applies to the current research: the findings chapter (Chapter 4), provides a

narrative of the macro conditions, characterizing a developing country context, i.e. Egypt, which influence CSR in this context. The research findings are presented in a clear and comprehensible manner. The discussion chapter (Chapter 5) provided a framework that can be utilized, by researchers and practitioners, to mitigate the adverse influences of these conditions, not only in the Egyptian context, but in other developing countries that share the same particularities and characteristics (poverty, social inequality, social polarization, corruption, political instability etc.)

The institutionalizing function with its four roles suggested in this research (endorser, mediator, supporter and legislator) has a significant impact on the social and economic development of the developing countries. Through this function the current research suggest different ways through which governments can develop national policies that incorporate CSR, governance and sustainability dimensions in order to ensure strategic social exchanges and correspondingly create shared value in the society (see Chapter 5, section 5.3.1). That view is supported by contemporary pioneers in development economics (such as Joseph Stiglitz, 2001 Nobel laureate in Economics) and international institutions such as the World Bank. These views acknowledge that incorporating a social criteria into the development policy of developing countries is a prerequisite for any development effort or economic growth (i.e the endorser role as suggested in this research). They also acknowledge that sustainability can be established only with a vigorous CSR culture and the active engagement of civil society (Young, 2004), or what has been referred to at that research as the multi-stakeholder approach (i.e the mediating role).

Therefore, it is logical to argue that the research framework developed for the Egyptian context is applicable to other developing countries where its strategic applications would be meaningful if the policy makers, practitioners (i.e SME owner managers) or consultants, cooperate to create an environment conducive for these three functions (institutionalizing, strategic exchange, core value creation) to make a positive impact for those societies.

6.6 Conclusion

This chapter has presented the conclusions of the current study. The research aim, objectives and questions have been revisited. Conclusions drawn from the main findings have been highlighted, and contributions to theory and practice have been discussed.

The results demonstrate the interplay between the three levels of analysis (micro-meso-macro). They indicate a clear link to the institutional setting and its influence on the belief and value system of managers at the micro-individual level, who implement CSR practices with their stakeholders at the meso-organizational level. Hence CSR is viewed as a situated phenomenon that is reflected and embedded in the macro-social, cultural and historical roots, and economic and political particularities of the setting in which it is operated, as is the case in the Egyptian context. A framework that synthesises CSR-related issues in SMEs operating in the Egyptian context has been developed to reflect these particularities in light of social capital dimensions. This framework reflects on the connection between the macro environmental and institutional dynamics, social capital and CSR engagement. It highlights the dyadic relationship between CSR and social capital.

The conclusion of the research, therefore, highlights the role that CSR practices play in creating social capital which can lead to economic benefits. Alternatively, the findings indicate that CSR behaviours and attitudes are enabled by social capital which is embedded in Egyptian society, and which stems mainly from the long-standing cultural norms of this particular context.

Moreover, the discourse on social capital and CSR uncovers various ways to bridge the communication and coordination gap between the SME sector and the institutional actors, which hinders cooperation towards achieving the goal of sustainable development. Taking these factors into consideration has the potential of mainstreaming sustainable local CSR initiatives, and could be a catalyst for substantial social change in the Egyptian context.

The research therefore argues that there is room, and indeed a need, to integrate and reconcile social capital theory in the CSR debate over a multi-layered approach when examining the phenomenon in the SME sector of developing countries.

Appendices

Appendix 1- Sample of the research

Participants	Industry Sector	Position	Size of the company	Duration of the Interview
1	SME: Tourism	Owner/Manager	Small	60 mins
2	SME: Agricultural and Landscaping	Owner/Manager	Small	60 mins
3	SME: Real Estate	Owner/Manager (Vice-Chairman of the Board)	Medium	75 mins
4	SME: Trading (Car parts)	Owner/Manager	Medium	90 mins
5	SME: Fast Food	Owner/Manager	Small	60 mins
6	SME: Advertising	Account Manager	Small	60 mins
7	SME: Commercial Investments	Owner/Manager	Small	90 mins
8	SME: Web Design	Owner/Manager	Small	60 mins
9	SME: Software Development	Manager	Small	90 mins
10	SME: Retail	Manager	Medium	60 mins
11	SME: Trading (Food and Beverage)	Co-owner	Small	120 mins
12	SME: Advertising and Marketing	Owner/Manager	Small	90 mins
13	SME: Food Manufacturing (Baking)	Co-owner (board member)	Medium	75 mins
14	SME: IT Consultancy	Co-owner/Employee	Small	90 mins
15	SME: Telecommunication	Owner/Manager	Small	60 mins
16	SME: Furniture Manufacturing	Owner/Manager	Medium	90 mins
17	SME: Trading (Industrial Machinery)	Owner	Medium	90 mins
18	SME: Advertising	Vice President	Small	90 mins
19	SME: Furniture Manufacturing	Owner/Marketing Manager	Medium	60 mins
20	SME: E-business	Owner/Manager	Small	75 mins
21	SME: Software Development	Owner/Manager	Small	120 mins
22	SME: Financial Consulting	Owner/CEO	Small	60 mins
23	SME: Transport	Manager	Medium	60 mins
24	SME: E-business	Owner	Small	90 mins
25	SME: Health and Beauty Care	Owner/CEO	Medium	60 mins
26	SME: Textile	Managing Director	Medium	60 mins

Appendices

27	SME: Health and Beauty Care	Owner/Manager	Small	90 mins
28	SME: Event Planning and Floral Design	Owner/Manager	Small	60 mins
29	SME: Software Development	Owner/CEO	Medium	90 mins
30	SME: Agriculture	Owner/CEO	Medium	60 mins
31	SME: Accounting Services	Owner	Small	60 mins
32	SME: Electronics Retailer	Owner	Medium	120 mins
33	SME: Furniture Manufacturing	Owner/Manager	Medium	60 mins
34	SME: Textiles	Owner/Manager	Small	60 mins
35	SME: Electronic Retailer	Owner/Manager	Small	105 mins
36	SME: Food Processing	Owner/Manager	Small	60 mins
37	SME: Bakery	Owner/Manager	Small	60 mins
38	SME: Advertising Agency	Owner/Manager	Medium	90 mins
39	SME: IT Consultancy	Owner/CEO	Medium	90 mins
40	SME: Tourism	Owner/Manager	Small	90 mins
41	SME: Import and Export	Owner/Manager	Medium	105 mins
42	SME: Software Development	Owner/Manager	Small	90 mins
43	SME: Advertising	Owner/Manager	Small	60 mins
44	SME: Tourism	Owner/Manager	Small	75 mins
45	International Organization: United Nations Development Program (UNDP)	UNDP Egypt Programme Director	N/A	Two Interviews in two consecutive years (90, 120 mins)
46	Government: ECSRC at Ministry of Investment	Director	N/A	90 mins
47	Government: Central Bank of Egypt	Deputy Executive Director	N/A	90 mins
48	NGO: Entrepreneurs Business Forum-Egypt(EBF)	Executive Director	N/A	120 mins
49	NGO: Egyptian Youth Federation	Programme Manager	N/A	60 mins
50	NGO: Egyptian Youth Federation	Administrative Manager	N/A	60 mins
51	NGO: Dar Al-Orman Foundation	General Manager	N/A	90 mins
52	NGO: Dar Al-Orman Foundation	Out Reach Programme Manager	N/A	90 mins
53	NGO: Misr El-Kheir Foundation	Chief Knowledge Officer	N/A	120 mins
54	Medad Training And Development	Executive director	N/A	140 min

Appendix 2- Interview questions guide

A. Questions for SMEs

Background questions

Owner-manager profile

Q.1: Would you tell me a brief bit about yourself?

- education background
- cultural background
- company profile

Q.2: Would you give me a brief about your company?

- number of employees
- reasons for starting the business
- nature of the business operations

Business profile

Q.3: Would you give me a brief description of your business purpose/value in society?

- services or products that the company provides
- the value that it adds to society
- the way in which it contributes to solving social problems

CSR understanding

Q.4: Are you familiar with the term “Corporate Social Responsibility”? What does it mean to you?

(If not familiar):

How would you define the role that business should play in uplifting society well-being?

Role of businesses in society /CSR understanding (Micro)

Q.5: What social and economic problems are prevalent in Egypt?

(Overpopulation, poverty, illiteracy, inflation, inequality in income, discrimination against women and the disabled, religion, pollution, governmental failure to address social problems, low level of spending on health and education and infrastructure, others)

Q.6: What is the social responsibility of business in the light of these challenges facing society? What is the role that an SME can play in fighting these social problems?

Stakeholder relationships (Meso)

Q.7: How would you describe your relationship with your employees?

Q.8: How valuable/important are these relationships for your business?

Q.9: How do you develop and maintain these relationships?

Q.10: What additional activities beyond legal compliance (i.e. insurance, basic salaries) do you undertake for your employees? Provide examples of these practices.

Q.11: Why do you undertake these activities?

Impact of CSR activities on society (Macro)

Q.12: What benefits are you expecting such activities to contribute to the community?

Q.13: What benefits to your business do you think these activities can have?

Probe (increasing sales, developing workforce, enhancing reputation, social networks with employees, business partners such as suppliers or contractors, government, community, recruitment, employee satisfaction and attractiveness)?

Strategic fit

Q.14: What is the nature of these activities?

Are these activities related to your core competences, instrumental in economic benefits, part of the business strategy, policy, procedures, or HR practices (e.g. recruitment, training, employee development and hiring criteria), or purely philanthropic (without any economic benefits)?

CSR challenges (Macro)

Q.15: What are the major challenges that you face in practising CSR?

Q.16: What support do you need, and from which entities, to encourage you to engage in CSR activities?

B. Questions for NGOs and developmental organizations

Q.17: How would you define CSR? What is your organization's involvement with the CSR projects in Egypt?

Q.18: How would Egyptian businesses define and understand CSR?

Q.19: Are you aware of any CSR projects or practices that SMEs are engaged in?

Q.20: What are the motivations of SMEs to practise CSR activities?

Q.21: What is the impact of SMEs' current CSR practices in society?

Q.22: What challenges do SMEs face in practising CSR activities?

Q.23: Is there a potential for further engagement of SMEs in CSR practices?

Q.24: How can SMEs develop a culture that encourages CSR in their day-to-day operations?

Q.25: How and which entities can encourage SMEs to have strategic engagement in CSR?

Q.26: Are there any current collective/collaborative initiatives or CSR projects that involve SMEs?

Q.27: How would you compare Egypt to other developing countries in the MENA region and across the globe, with regards to CSR?

Q.28: What role can the Government, NGOs and national and international developmental organizations play in facilitating and fostering CSR in SMEs in Egypt?

Appendix 3- Research themes & Nvivo 10 codes

Themes

Name	Sources	References
Extra themes	2	3
Negative social capital	1	1
Sucess stories	1	2
CSR approaches and impact(Macro level)	11	51
CSR impact measurement	4	5
Ad hoc and scattered	3	7
Philanthropy	9	15
Strategic or Business case	9	20
CSR practices(Meso level)	16	83
Suppliers	4	4
Social events	2	2
Community	3	5
Community engagement	2	2
Charitable givings	1	2
Green aspects	6	6
Customers	9	17
Timely delivery of product or service	1	1
Free or on cost services	2	2
Extra services	2	2
Product or Service Quality	3	3
Customer engagement	2	3
Employees	15	50
Recruitment,hiring	1	1
Job stability	1	1
Salaries	2	2
Reward and recognition	5	8
Personal and family support	3	3
Social and religious events	4	4
Training and development	10	11
Micro,Cognitive	16	125
Common and shared language,beleifs and values	4	5
CSR motivation (Micro)	13	39
Peer Pressure	0	0
Defense from society	1	1
Sympathy-poverty	1	1
Cultural Capital	1	1
Changing cultural values	1	2
Religious	2	3
Belief in a cause	2	3
Altruistic or Giving back	3	4

Themes

Name	Sources	References
Reputation and recognition	6	9
Business or instrumental	11	14
CSR conceptualization (Micro)	12	73
Not causing harm to stakeholders	1	1
Appreciation to society	1	1
Operating in society	1	1
Social equality	2	2
Development and sustainability	3	6
Abiding by the law	3	7
Employment	6	8
Awareness	10	44
For large companies	2	3
Macro	15	159
Market	3	4
Market intelligence and database	1	1
Inflation	1	1
Legal	2	5
Laws and regulations	6	8
Tax incentives	1	6
Public policy and strategy	5	11
Media	4	7
Educational	6	8
Religious	6	11
Economic	7	17
Unemployment	2	2
Resource limitation	5	10
Social Inequality	7	12
Cultural	11	31
Enterprise culture (intolerant of failure)	3	4
Values	5	10
Individuality	0	0
solidarity	0	0
Power distance	0	0
Government role and support(or lack of)	11	32
Leadership	1	1
Bureaucracy	2	3
Entrepreneurship Support	6	9
Socio-Political	13	44
Revolution	8	14
Corruption	10	27

Themes

Name	Sources	References
• Bribery and nepotism	0	0
• Corporate governance	7	17
• Disclosure	1	1
• Transparency and credibility	2	4
Meso	20	180
• Structural social capital	14	50
• Informal social networks	0	0
• Partnerships (Formal SN)	6	9
• Governanc structure(or lack of)	0	0
• Capacity (or lack of)	1	1
• Linking mechanisims	2	2
• Memberships(Formal SN)	8	9
• Collaboration and integration	11	30
• Relational social capital	17	130
• Sympathy	1	1
• Norms	4	4
• Cooperation	4	8
• Friendship	6	8
• Moral obligations and expectations	6	11
• Respect	8	11
• Identification	6	13
• Loyalty	9	15
• Reciprocity	10	20
• Trust	15	36

Appendix 4- Examples of institutionalized CSR initiatives in Western Countries

Country	CSR initiatives
UK	<p>The first country to have a Minister for CSR. The Government provides a strong leadership role & public policy framework that promotes corporate citizenship in both large & small businesses. Its role involves:</p> <ul style="list-style-type: none"> • funding CSR research; • guiding SMEs in applying CSR practices through public policies. The Government developed policies to facilitate green procurements & policies that provide guidance on reporting on environmental impact such as greenhouse emissions & waste & water use; • coordinating CSR policies across the whole of Government; • creating partnerships & clusters linking business, Government & civil society together; • providing incentives for business good corporate citizenship behaviour (Aaronson, 2003)
France	<ul style="list-style-type: none"> • In 2002 the Government issued a set of mandatory environmental & social disclosure reporting legislations that require businesses to report extensively on their social & environmental performance & impact, using GRI as their framework
Germany	<ul style="list-style-type: none"> • The Government introduced the German corporate governance code of conduct for private businesses. It also launched social & environmental labelling (Zappalà, 2003)
Belgium	<ul style="list-style-type: none"> • In 2001 the Government launched social labelling legislation which creates labels for enterprises to put on their products if they follow the standards documented by the “International Labour Organization” (Aaronson, 2002)
Denmark	<ul style="list-style-type: none"> • The Government equires all private companies to adhere to the CSR code of conduct created by the Danish Government & to communicate that in their website (Aaronson, 2003)
Australia	<ul style="list-style-type: none"> • In 2003 the Government launched a number of soft laws including voluntary standards tailored to Australian circumstances. Among these is “Environment Australia” that guides business to report against environmental indicators. “Standard Australia” is a set of standards that cover areas of CSR & CG in SMEs (Zappalà, 2003) • The Prime Minister’s Community Business Partnership (PMCBP) launched an Australian-based guide that helps businesses report against social indicators that draw on the GRI. This guide is concerned with issues such as employment, training & education, health & safety, indigenous rights, diversity & equal opportunity (Zappalà, 2003)
Canada	<ul style="list-style-type: none"> • Introduced many mandating codes concerning workplace matters such as health & safety issues & codes concerning corporate governance (Bondy et al., 2004) • Introduced the “Bank Act of Canada 1991” that requires banks & their prescribed business affiliates to publish a statement outlining their contributions to society & the economy annually; • Introduced the “federal privacy Legislation” code in 2004 that mandates private enterprises to ethically handle customers’ personal information (Bondy et al., 2004)

Appendix 5- Sample Interview

Tell me about yourself and your business.

I am the manger of company. company works in many fields mainly Navigation; land, air, river freight, custom clearance, and we also have transportation for major projects, and maybe assembling thereof as well; all these services and we have road study service, meaning that for example if there is a certain major project with huge extensions, a single parcel might reach up to a 5-storey building; so how could this be transferred across the country, there are boilers, electric stations, wind stations and all this, so we are specialised in road studies and we do manoeuvring, we remove and rebuild bridges and get upholders for roads and bridges, remove trees, buy people's lands, destroy buildings and rebuild them again, we give them back to them most importantly, our parcel reaches safely to its extension, and also cost effective, this is one of the things we are well-known for plus like I told you freight and custom clearance, and we have a custom area in Port Said, and we have 3 branches all over Egypt, we work locally but of course we have agents worldwide. We transfer door- to-door. This is about the company.

How many employees are in your company?

About 100 in the 3 branches; it is a family business. We are about to enlist/ register one of our subsidiary companies, in Nile Stock market, the stock market for medium and small-sized companies.

Would you tell me about the CSR and CG initiatives featured in your company website and your role in that respect?

The start of applying governance was in Jun 2006. I joined the company 10 years ago and I have responsibility of governance and CSR management. In the start of 2006, only a few companies that started applying governance and CSR. The concept for us is new it is not mandatory, it is voluntary up till now, and we can't even embed it compulsorily in the law;

When did you became aware of the concept and how was that?

I didn't know anything about governance and CSR or not even what the word meant; I started to search on the websites of the multinational companies that apply it and how to apply the concept from one place to the other; what are the procedures that we must follow to apply it in real life and so on; I started to seek help of external people; Dr, who they call "Father of Governance in Egypt" centre of Egyptian managers, truly he provided me with support and he is my boss in this and I am truly indebted to him, with the know how he gave us in this field, there became an awareness and seminars for the sponsors and executives of corporate governance officers in the Egyptian companies and in the beginning I had asked for a meeting, we here in Egypt have a culture that people are always hesitant and shy to say, "I don't know", so their ego is high to an extent that they don't want to know about what they don't know. I wasn't shy. I asked for a meeting saying that I held a position in a company and I don't understand what I have to do concerning application of governance. Firstly, I need an awareness session about the applications of governance and how to apply successfully; I want to know the best practice worldwide, and I want to get introduced to the governance officers in Egyptian companies like ours so there would be exchange of experience from the people who tried this before, these people have faced obstacles and they would tell us what these obstacles are, how they started and so on; so it was a good idea because it hadn't happened before, and Dr.took it over IOD and he made the round table for governance officers, and he said that Mrs.....wanted to get to know the concept and it was a good idea; they got Mobinil, Orascom, Vodafone and Mansour and all the companies like these and we started to get to know each other and exchange knowledge and it wasn't a workshop but a fruitful roundtable and comic at the same time as I discovered that whatever I faced here was also the same case for all the other companies: what is the meaning of employees not understanding what you are coming to do in the company and that there is a misunderstanding between

application of governance and the government, the two concepts, “Are you coming for social insurance and so on?” they don’t understand, there was misleading in the concept of Governance, and there were people who didn’t know where to start so they started upside down. There are people who do it downside up. Some started from the board of directors. They said that the best practice is to start from the changes in the board of director, and the awareness there and then go down.

What originally created the motivation to follow corporate governance and CSR principles in your company?

The owner of the company attended a course which was a diploma called “Board Development Series” with a duration of one year 3-4 days/ month in one of the hotels in Cairo and this was supervised by INPD and ISC. They started to teach the awareness of corporate governance and CSR, and prepare the board managers and managing directors, CEOs and even board members of companies to apply best practice in their work, how to develop your company, how to separate ownership from management, all these concepts... they give disclosure and transparency, the disclosure of non-financial info on websites, the importance of websites for companies, risk management, what corporate governance and CSR , what are the scandals that appeared in companies that resulted in the appearance of corporate governance, so it is possible to happen in your company, what is the importance of the internal auditor, what is the importance of investor relations manager in a company, all these concepts The owner attended them and he was impressed and he decided to implement them in the company. Of course his support was that it was and until now it is voluntarily. So he was convinced and what could happen on the long run. This is an advantage in his character, that he has a long term vision, sometimes we don’t understand his decision then after a while we understand after a long period ... he agreed that he wanted someone to implement this in the company as he was at a crossroad as I discovered that he was in the stock market and that there were some of his family members on the board, he saw that if this change occurs the company’s position would develop, even globally as it gives accreditation ... he called me and said he had taken that course and he wanted me as well to take it, he was in the 1st group, and I was in the next group we became certified (unclear) director and members in CDF (Certified Director’s Forum of Egypt) now I know that AIED Dr.and EIC implemented this diploma on 60- 70 to 100 people, then the number increased now because there is awareness from people now. When there is a success story and all the people look at it, they want to learn from it, so now there is more awareness and more demand for such courses. This was the trigger that moved the company to apply corporate governance and CSR. We started by the round table and I checked the obstacles and so on, I decided to start somewhere else, all started to convince the board. The problem of companies is that they make policies on paper but not fully applicable in real life. This was a big fault in some companies.

For you, what is corporate governance and CSR in theory and in practice and how do you apply it?

In theory: in the certifications, we look at the best practice; how to change the board for corporate governance, we see the competencies needed and change them, best practice is that you can find the majority of independent directors in the company, to make a budget for corporate governance to know how to use it, to have a website with information and change the type of information in it, all this must be done in no time, work parallel, while you are changing the board, you would put a budget to give a training course to someone, and all that ... there was a huge shock when we attended the conferences. We discovered that there are companies without websites, it is very expensive to make websites, to know the kind of information effective for the kind of customer, the shareholder or the investor who is the potential client, some companies put their website for promotion. I as a shareholder in the company and paid even the least amount, need to know information rather than products, who are the board members, what are their CVs, their qualifications, and other things, what packages they give the customers, where are their financial statements, whether separate or consolidated if there are subsidiaries, their annual report, there are companies that know nothing about annual reports, what are their project, how do they contribute,

what is their 5- yr plan for the future. Other things important for them are: the applications of corporate governance and CSR, are there any policies in the company, number of employees, top managers, their qualifications, ... and so on, the no. of board meetings, topics discussed, agendas of board, corporate calendar of the company, event and when, price per share, does the price go up or down? what is the shareholder structure, who are the shareholders and are they changeable? There are people who take over stocks, all this info is important for investors. General Assembly, when is it? What are the topics and where is the invitation? How would it reach me? When and what should I attend? If I can't attend, where are the minutes of meeting? Who is your external auditor and how long has he been with them? Independent or not? Has he been there for 5 years? Does he do anything else other than auditing of financial statements and so on? What are the other services he provides? If he takes a large amount from the company due to his services, he will be loyal to the company and so he will have lost his independence. The shareholder has more awareness than before. He hears other points of views and has started to look for info that was not available for most companies in Egypt. This is part of the best practice of the corporate governance. Also, part of the best practice is that you get manager for the company or if you are at the start and you are an SME so you can make an integration between the corporate governance and waste management. All this is theoretically good.

Practically, I discovered 2 very important things if you would like to apply effectively:
1- you have to take the support of the CEO, without it you will fail in doing anything. He has to be convinced and so he will support in whatever applications you do, and will help you convince others.

2- before applying, those who will help have the right to understand what they will apply, the motivation, the buy-in (that is why I worked the other way round) they have to understand what is corporate governance and CSR, why we will apply it, what are the benefits? And like they were convinced, others will be convinced. Once you took the buy-in from these two, everything else will run smoothly. It is a matter of time and you will see the result of each step you have taken, but without these two, no. And this was the mistake that many CEOs fell in although they applied corporate governance and CSR 6 yrs ahead of us. When we started we came to the same point and more in lesser time. What was hindering them? I discovered there was no awareness and each one was working alone. The chairman saw that this will be in the limelight and all the people are attracted to it so this is good. Get someone to apply. How would he apply? He logs on to other companies' websites and will see their policies in applying corporate governance code and so on, he starts doing these things and get them approved then puts them on the website and say we started applying corporate governance, so I started to tell Dr.*to prepare the first tailor-made course and the IFC participated and made it, lectures from IFC (Dr*) and Mr * (the German manager of the corporate governance Unit in IFC). Dr.* and her team were working with him and were lecturers in our certificate, so I told them why not make a pilot project and come and train our company only all over the branches, like you gave us before by on a simpler level for one day as a workshop about the benefits of corporate governance and CSR and what benefits will be for individual employees to get their support and so it was.

What about your CSR initiative?

In core business, CSR have a code (UNGC). We can't find anyone to tell us how works. We took an approval for an initiative. We put CIR in the report which is not all abided by. This report has great value as it carries the UN support. When the investors found this info on the website like the annual report, it has great value. Also on the company it had great value. The criteria put me on the right track as to what we are doing, and where we are going in the next part. It put a framework for us within the framework of the UN. CSR helped me to handle the performance indicator, and gave me data to use in the CG report. I began to enter deeply into my core business. Our policy is against child labour. I discovered while doing the report that one of the garbage collection companies we are dealing with, employs children under age. I didn't cut their business, but I told them to hire another company to help out. The people below age, the handicapped percentage from the low, I abided by it. Someone is missing because of

the insurance procedures. Diversity in employees, done in the report. (Christians, women) women's maternal leave, and so on... the story of part time and then sometimes from home. Principles of UN and the application in the report. Global standards are applicable to environment everywhere. When there is a will there is a way. I am proud that we show what we do. It is very important to show what you do. It needs to be put on the right track how to serve the company in environment. Also there is a subsidiary company for transfer in the Nile (river transfer). We have actually got the land but working to get the permits to operate it. We are considering our impact on the environment.

We have something philanthropic but also CSR. We slaughter for certain people in the area. We call the butcher in the area and the farmer who breeds cattle, and so on, to we give them benefit too. Employees and managers go to supervise that process, we are trying to engage them in these CSR activities.

What did you brought to your company from these awareness seminars?

I created awareness across the branches and the employees started to ask what they had to do and this was a success. In conferences that she attended thereafter, and I attended with her, she gave our company as a case study that we thought that top down management for corporate governance and CSR is correct, but a company took it the other way round. We started to apply, I started to go to companies that applied in Egypt or worldwide, because applying this has levels and according to the risk of each company they make different codes with higher risk levels from other companies, so there is nothing permanent but there are basics you apply and then develop according to the lead of your co. I started to see the policies that should be applied. Fundamentally, there has to be a corporate governance code from the country it is in and from there you can make your own tailor-made code according to its needs, size, and so on. I started to study the Egyptian CG code and amendments, and tried to see how I would apply it to the company, and correct our old concepts and add the other concepts. I started to do internal policies and a tailor made CG code. They don't know that there is internal trading policy on the shares of the company, if a piece of information is disclosed in the company, where would the fairness be? There are things that the external shareholder doesn't know and there are people in the company that prey on the profits, so I made a policy for how to buy and sell our company share. We needed an investor relation manager.

Best practice dictates that the IR manager has to be independent. It is alone but because we were at the beginning of applying governance, and there is not much work in it, the number of employees in the company is not big, so I took an approval that he would be a manager staying in the company, and has the background knowledge that prepares him to be the IR manager, he will attend training courses to improve his best practice as IR manager. So the treasurer became the IR manager at the same time, we started to upgrade the internal audit manager in the company, and we changed his job description as we discovered that the internal auditor not only audits financial but also non- financial aspects as a best practice. Of course, $\frac{3}{4}$ of the companies in Egypt are using the old concept. We started to study his job description and change it, and started to give him training courses as there was one for the internal auditing manager by IFC and EIMD. We started to increase the budget for the training courses to prepare the staff that will be responsible for the CG applications, we finished the internal trading policy, we did the disclosure policy, the problem we have is that the employees disclose the info to the shareholders at any time. Plus, some of them were reporters and not all of them have integrity in transferring news, so they would take the info and re-edit it, and reading the newspaper I would find: "X person said and said", who did??? We don't know.

We started to give awareness courses and got the disclosure manager in the Egyptian Stock Market to come and give training courses that are tailored for the company staff and management. Who has the right of making disclosure and what are the limits of disseminating, who can make a press conference, how to do it, what are the consequences that will happen to an employee or manager discloses there will be

consequences from the stock market to the company and from the company to the employee. So, all now stopped that. So we started to give the concept. After that, I became happy when phone calls would be transferred to my office saying that Mr. X called to ask about that and that and we transferred him over to Mr. * in Cairo, or he is still with me on the phone, would you like me to transfer him to you? They don't say anymore.

With regards to CSR, we simply joined the Global compact and applied all its principles and became active members; attending all the seminars, workshops and prepare an annual report that is communicated through our website

I understood that the awareness and training courses that people think are trivial, people speak about the course badly and also about the trainer. In the middle of the awareness course all are listening closely. All are happy and notes that they take and the questions asked at the end. I was not happy with many things, they were trying to ask and understand and the applications after that show me that we are on the right track. Once we finished the disclosure awareness, I made the disclosure policy all employees signed, and any new employee signed a copy to declare his knowledge. This copy stays in his profile so if he makes a mistake we get back to it and he gets a penalty. We finished the framework we are asked to make, as policies and code. Then the next step was to update the website which was a bit obsolete. The main website which is..... There was someone responsible for the update but he left so there was no follow up after. There is old and missing info. Once I was attending an international conference with Eng * with EIED about CG and CSR and one of the attendees said that we will not be able to put all the info on the website, he was one of those that attended the conference, he was a chairman for a famous company, he said that his company website would not be able to carry all the info and so he decided to launch another subsidiary website and will be called IR website, for investor relations. When the user finds "Investor relations" click and he will find that kind of info. The manager looked at me and I understood. So, they were the first and our company was the second to make such a website.

We paid for the website, got the designer and gave him the info that we need to be present. We updated the info.

What are the benefits that your company gained as a result of these efforts, and how did that affect your relationship with your stakeholders?

We found all the users logging on that website not the main one, whether shareholders or even those following up on their cargo, clients. We discovered that different people log on to our website. This is an achievement and the amount of disclosures to the extent that you reach the highest level of transparency, which is lacking in most of the companies in Egypt. Some companies and it is their right, just disclose the positive things about their company. They mislead people by not disclosing the negatives. They are convinced that there is a thin line between disclosure and reputation of the company. We started to give awareness about how to avoid such unethical behaviours this in the courses and conferences we participate in, we always say try to be as transparent as possible, because even if you lose a contract for any reason, the share price is affected for any reason, if any info is leaked, disclose it because we discovered that as long as you gained trust of the shareholder in the company, any negative info you put increases your value for them.

This is what we do to us in practice. We started not to be afraid to disclose negative info. If any pitfall occurs to the share, we said it is only fair to let the shareholder know about it. They keep the share, and they don't feel angry about it, because we disclose info. We feel afraid that something would happen to the share, it is the client's decision to keep the share or sell it, but we discover that the share price is stable. This is the biggest practical indication for their trust in the company and they are certain that even if a pitfall happens they will pass it as the rest of their performance says that you can do it. We give justifications by numbers and everything is done using our performance indicators. (maybe there is something but don't be afraid, or there is something delayed but we signed a contract for that and that.) here we told the

companies that you put obstacles in front of rumours. Rumours here are very active. If there is a rumour and the company doesn't answer it positively or negatively, they will be taken negatively, will be confirmed and there will be decisions taken and they will affect the reputation of the company. If you justify, it will be less in negative effect than if you leave the client with no justification. Come up and defend yourself by declaring everything. You will gain the trust of your client as you say whether you are gaining or losing, if any problems occur.

How is that different from the nature of the business relationships prevailing in the marketplace?

There is nowadays a lot of cheating in business relations. Like we gained the trust of our client we must keep this trust.

What extra efforts you decided to do in order to apply CSR and GC in your company after realizing these benefits?

We finished the awareness and finished the website, and finished the disclosure on it. We started by looking at the company internally, like we took in the course, who are in the board, what are their qualifications, are they fit for the coming step? I look at my strategies and long term plan, in relation to the board members, will they be able to help out? We started to divided the people on the board, the number of executives, the number of home executives, the independent directors, (hierarchy)... they say the best practice is to have independent directors. But those are costly to bring, Now those do not have a decision in hand, they are mere consultants. Not all companies can afford extra consultants. So, we thought to start step by step. All the executives where family members, Eng. *, the owner of the business, suggested new blood entering, with the necessary qualifications, we needed HR, we needed someone in marketing, they were not available, this was not present on the board, so we thought why not increase the number of board members, and we started to see the best practice for the number of board members. We discovered that when the number is big, say 20- 30, there would be a lot of side talks, and the main board is not effective, or a very little number, to the extent that you cannot do many things, low capacity. Now our board has 5-7-8 members, we didn't have independent directors now we do, we got 2 after checking the market, HR consultants, marketing consultants, great names, we benefited from them and until now. The know-how they give us, by them the board hugely changed. Plus, the number of non-executives is bigger than the executives, but there must be executives on the board as they understand the type of business and how it is going. The executives are the managing director, financial manager and Systems manager. The non-executives are 3 also, 2 representing a major shareholder in the company, he has 25% of the shares so he has the right for 2 representatives, and a shareholder who represents a company that has shares in the company, 2 non-executives and 3 executives, independent executive. We didn't want to go beyond that, we can in the future if we need to. We knew how to choose, and we started to divide and make committees from the board. We only had an audit committee that is stipulated in the Egyptian law. It is he only committee that said there has to be auditing in companies, and by practice we discovered that this committee is only on paper in some companies, it is legally found but it has no minutes, no meetings, nothing. It is only for the sake of legal auditing. We made a committee for auditing called Auditing and Corporate Governance committee, and another called Nomination and compensation Committee. This nominates the board members, interviewees, and their qualification, the head of this committee is a pillar in the field of HR in Egypt. She changed everything about the candidates and interviews in our company. Each committee has a secretary, these have minutes of meetings, present meetings, all this info is present on the website, the things they do during the year, bonuses they get, and all the info related to them, who attend, who doesn't, and all such info. It differs a lot. To be honest, this wasn't present on our website but we update our website every year to update the level of transparency. We put the mission, the vision, the board, the policies.

How did these efforts affect your relationship with your internal stakeholders?

In the beginning, our employees didn't understand what we are doing, but after the awareness sessions, they asked me for more info about it, and I began to share everything with them by mail via the company system, anything I attend, I put the minutes and share with them. They started to be interested in the company and then they understood the disclosure policy. They started to feel loyal to the place. They started to ask about the share price to buy, and attain more info. There became a new kind of culture among the employees, they started to buy the company shares and ask info about the type of shares of the company. Does it (the share) have short term profit? I said no we have a long term plan, to take its benefits, you have to wait. You take it and save it as if it is in the bank, this means you are going to benefit. All the people who understood started to make awareness for others and the number of buyers increased.

So you realized that the loyalty increased?

Yes a lot, and the engagement increased as well. Then they started to ask about the profit distribution time. We started to understand after the course that before you care for the customer you have to care for the employees. (make them feel they are owners). It was very important to make a great value for the disclosure to the employee before they knew from outside. We started to make a rule. Once a contract is signed, we tell the employees, there is a major event coming and that there has to be a period of silence (15 days before, 3 days after). There is a lot of awareness to the extent of correction of external info about the company as well as knowing when to be silent. The turnover is a very important performance indicator for the employees. When you analyse the reasons they will show why this happened not to come as a surprise. We have people that have been in the company for 30 yrs. It is known about our company. The old school is still there and there is satisfaction. Also, we make an employee satisfaction survey annually, this contains all aspects related to employee, analyse and treat any dissatisfaction and this helps lower the turnover through the years. Here we apply the balanced scorecard. This is an indicator to us, it is our map. It shows a lot in the company, there are red spots, and green spots, and I declare that our scorecard is starting to gain green spots. First, we got stunned by the amount of red spots but eventually they stopped being red.

Who decided on applying this concept in the company?

The owner of the company. He took the course and started to apply and do the buy-in for the awareness in the Co. in software, we are among the few Cos that apply Oracle, and the 1st in our field to apply (ERP, OTM) oracle. We always take initiatives but they have to be calculated (consequences).

How would you evaluate your awareness, compared to other SMEs, If a company wants to be successful, it shouldn't just apply clichés. Words are great but the opposite is applied. They are not really convinced with what they are doing. Some companies just take things from other companies and stick their own name on them and start applying. It is totally wrong. They have to understand and relate to the company condition. Even if you have good points you will lose them. You have to study the nature of your business, the company components, top management, board, analyse your state.

Why is there lack of awareness there? And how can we disseminate such awareness?

If the owner is convinced (the most imp thing) things will go easier as day to day work is done by others, but he will give approval for small things. Part of this, is that it is not going to be a one man show, some people are still with the old school (Gov and Public sectors). Basically, there has to be a board, to have a board chairman. We will not change the board, but adjust it. How? You cannot come and change all of a sudden, esp. with anti-change people. At least, they would have scheduled meetings and preparation there before, minutes of meeting, board preparation, follow up on decision execution, there has to be a secretary to take notes of all this, it has beside his original job so he would be unbiased. They can put this job from within, and this would be inexpensive to the company. The secretary, has the authority of taking minutes of

meeting, inviting the members to attend, he is responsible for the agenda and when it is executed and who, and a follow up on executing the decisions, if the company is enlisted in the stock market they prepare for the next day in cooperation with IR manager, if not present so the secretary takes this role. If they trust the secretary they will delegate this task to him. If I am overloaded I will need an IR manager for the investor questions. The next step is the website, could be made very cheaply, or very expensively. It is important to start big, but to start up, they could start with the website and it could be put as part of the annual budget. I sometimes see that people spend a lot on trivial things. We could make a 2-yr plan for spending to make a simple website with little info mission, vision, who are the board members and chairman, a personal photo for him, a word for chairman, financial statement for the current year... it is good to put history but maybe not much, the external auditor, and his name and contacts, then if you have the annual report put, if not, it is very important, they must how to make it. There are people who make a report for 6 months, but start with 10 pages and then afterwards, it will grow. You will improve. Also, the annual report can be done by the secretary. We will see our achievements during the year. What we presented last year what are the plans for next year. Company services, this is a promotion, mission, vision, code of ethics if available, if there is a website say that, if not, say we are planning to make a website.

Who can we promote the uptake of these concepts?

EIOD covers all types of companies in Egypt to the extent that they tailored a diploma according to the kind of company. Each awareness, workshop or training session they give, is according to the type of company, if you attend 2 different sessions you will find a great difference, depending on the company and its employees and managers. Their work is more than perfect. They send to all kinds of companies, big, small, SMEs and they make training courses during the year for the SMEs more than for the multinational and big companies. But we are talking about 4 million SMEs in Egypt, one entity cannot do it all and not all the companies of course participate in these events

why?

It is the problem of companies, they receive the invitations but they see no benefit or interest to attend, or confidence in them but I am sure invitations reach a lot of them. Take care that some companies are resistant and have no will to apply or to change. They say, what's going to change? They won't do any better than we've done. Some companies have started to be convinced and apply. Sometimes, in conferences you find good jealousy. Like when that manager talked about the IR, some people applauded, but we said it is a good idea and started applying it. Some people don't benefit, some people take notes of everything, and some give benefit to everyone. There are people who don't go at all.

So why do you think that is the case?

Simply, they don't trust anything from the government due to corruption and so they don't go. Others have the potential but no awareness. They start to ask me what to do. They need to be put on the right track.

Others who are not interested, and this is around the world not only in Egypt. If someone heard about a diploma from a manager or so he will ask for the contact but not all people do that. This is due to lack of awareness.

If we show them the economic benefit will it differ?

Yes it will, economic and symbolic. Look at the change from the time we started to see the financial statement and put things on the website. The projects before application of governance have an effect on the financial statement. But there are other companies that benefit from applying corporate governance and CSR. Interest of other companies to make alliance. These are some of the factors that the banks look at the application of things like corporate governance and CSR initiatives, this will give your company a higher level than if you do not apply. How did this interest from foreign investors come? this wasn't proposed to us before. From the website. The more history you put

the better it becomes and the more value it has. They would see the performance of the company, where it is going. There is a financial analyst who gives them his analysis of the website. We got governance prizes. We started application in 2006, in 2007-12 we took prizes from EIOD, Ministry of Investment, Egyptian Stock Market, IFC. There is an annual competition where they judge all the company websites and they have many criteria and all the companies enter it, they called us and said you ranked 3rd on all companies. We had started applying governance one yr before, the first year we took an honorary award that they had announced we took for our achievement. This was although we hadn't reached the level of Orascom or Mobinil who had taken the prize before. Then we became 3rd, 2nd, and then 1st. This is also reputational wise, how would you feel if you are in a conference and then they announce that you had taken this and you are representing the company? You feel extremely proud of your company. We feel intangible benefit more than the tangible. You have employee retention. You get a sense of belonging, all employees have changed their awareness they feel more like owners.

Before and after the revolution what is the difference and does the political factors played any difference with regards to CSR?

There was lack of security and the company was closed for a long time like many companies, but fortunately we managed to survive as we have a variety of services we provide. If something stopped, we have signed contracts for years to come with multinational companies, Mitsubishi, Toyota,..., we also have the policy of working from home. During the difficult times we had security measures and because of the trust with the employee, they agreed to work from home, not like other companies, where employees don't care. We have communication hubs. We have open lines between us 24/7 for anything we want to tell the employees. Even disclosure to the stock market, I did it from home. We were working, but not through the physical structure. Because people were convinced they were doing their tasks from home whole- heartedly. As for CSR, until a very close time, we discovered that what was going on is only charity work. The best practice for that has to be from the core business of the company. So you serve the society from the product or service you present. There has to be sustainability, which means, that the product or service has to have a financial benefit, to spend on that and that. This is what I was shocked to know, I thought what we were doing at the beginning was right, but we discovered it wasn't. For example, a factory builds a hospital. What has got to do with that?? This is not CSR. It will not also be sustainable. Now, after the revolution things are not stable until now, people are cutting off their budgets to do the essentials first and cut off their employment rate. I don't have concrete results, but by logic I can tell you that if the CSR project is not carrying both criteria, sustainability and in core business, they have definitely stopped. But, other than this it is for charity, Zakat or Sadakah.

How can we create awareness that CSR is a win- win and not philanthropy?

ECSRC is the only entity that is responsible for this awareness in Egypt. They still do the course but less now as they will be separated from the Ministry of Investment and there is a problem in budgeting and so on.

So who can take over the role and what is the solution in your opinion?

I can see Private- public sector has a role, like some NGOs want to make their own developmental projects, which are good but this need financing and capacity. I always say: don't be a sole player. This CSR field, in a big country like Egypt, is very big for one company. If it is not a multinational that has budgeting, it will not be sustainable. You need to go into alliance with NGOs that have projects.

The thing is the need for collaboration Gov and public sector and NGOs. ISC made the report on the annual report ECSRC. Look at the website.

Glossary of Terms

Corporate social responsibility: the term ‘corporate’ does not imply that the CSR agenda is related to big or multinational corporations only. A Public Draft of Australian Corporate Social Responsibility Standard (DR 03028, 2003) asserts the term ‘corporate’ is not an absolute term and should be understood from a broad perspective. Castka *et al.* (2004) posit that the CSR concept is generic in nature and is applicable to organizations regardless of type and size, public or private, from SMEs to multinational enterprises, from manufacturing to service organizations. Accordingly it was used freely in this research to reflect the social responsibility of small business.

Tsekada: is about behaving as a “righteous person”, fulfilling obligations to society.

Zakat: charity or alms to the poor.

Poverty: the deprivation of basic human needs, including housing, clothing, food, health care, sanitation and education.

Developing countries: in order to escape the debate about country classification (emerging, developing, under-developed, middle-income, lower-income etc.), Egypt is referred to as a developing country, following the rationale of Visser (2006), who defined a country as “developing” when it is relatively less industrialized, with a relatively low per capita income. This definition is consistent with the United Nations Development Programme (2006) categorization.

Institutional environment: is defined in this research as “*the set of fundamental political, social and legal rules that establish the basis for production, exchange and distribution*” (North, 1990, p.71).

Inclusive development: including the marginalized as well as all other sectors of society.

List of References

- Aaronson, S.A. (2003) Corporate responsibility in the global village: The British role model and the American laggard. *Business and Society Review*, 108 (3), 309-338.
- Aaronson, S.A. and Reeves, J.T. (2002) *Corporate responsibility in the global village : the role of public policy*. Washington, D.C National Policy Association. USA.
- Aaronson, S.A., Reeves, J.T. and National Policy, A. (2002) *Corporate responsibility in the global village : the role of public policy*. Washington, D.C: National Policy Association.
- Ackerman, R.W. (1975) *The social challenge to business*. Cambridge, MA: Harvard University Press
- Adler, P.S. and Kwon, S.W. (2002) Social capital: Prospects for a new concept. *Academy of management review*, 23, 17-40.
- Agle, B.R. and Van Buren Iii, H.J. (1999) God and mammon: the modern relationship. *Business Ethics Quarterly*, 563-582.
- Aguilera, R.V. and Jackson, G. (2003) The cross-national diversity of corporate governance: Dimensions and determinants. *Academy of management review*, 28 (3), 447-465.
- Aguilera, R.V., Rupp, D.E., Williams, C.A. and Ganapathi, J. (2007) Putting the S back in corporate social responsibility: A multilevel theory of social change in organizations. *The Academy of Management Review*, 32 (3), 836-863.
- Aguilera, R.V., Williams, C.A., Conley, J.M. and Rupp, D.E. (2006) Corporate governance and social responsibility: a comparative analysis of the UK and the US. *Corporate Governance: An International Review*, 14 (3), 147-158.
- Albareda, L., Lozano, J.M. and Ysa, T. (2007) Public policies on corporate social responsibility: The role of governments in Europe. *Journal of Business Ethics*, 74 (4), 391-407.
- Albareda, L., Tencati, A., Lozano, J.M. and Perrini, F. (2006) The government's role in promoting corporate responsibility: a comparative analysis of Italy and UK from the relational state perspective. *Corporate Governance*, 6 (4), 386-400.
- Alemagi, D., Oben, P.M. and Ertel, J. (2006) Implementing environmental management systems in industries along the Atlantic coast of Cameroon: drivers, benefits and barriers. *Corporate Social Responsibility and Environmental Management*, 13 (4), 221-232.
- Alvesson, M. and Sköldbberg, K. (2009) *Reflexive methodology: New vistas for qualitative research*. London: Sage Publications.
- Amaeshi, K.M., Adi, B.C., Ogbechie, C. and Amao, O.O. (2006) Corporate social responsibility in Nigeria. *Journal of Corporate Citizenship*, (24), 83-99.

- Anderson, A.R., Dodd, S.D. and Jack, S. (2010) Network practices and entrepreneurial growth. *Scandinavian Journal of Management*, 26 (2), 121-133.
- Anderson, A.R. and Jack, S.L. (2002) The articulation of social capital in entrepreneurial networks: a glue or a lubricant? *Entrepreneurship & Regional Development*, 14 (3), 193-210.
- Appadurai, A. (1990) Disjuncture and difference in the global cultural economy. *Public Culture*, 2, 1-24.
- Aquino, K., Tripp, T.M. and Bies, R.J. (2001) How employees respond to personal offense: the effects of blame attribution, victim status, and offender status on revenge and reconciliation in the workplace. *Journal of Applied Psychology*, 86 (1), 52.
- Arefi, M. (2003) Revisiting the Los Angeles Neighborhood Initiative (LANI) Lessons for Planners. *Journal of planning education and research*, 22 (4), 384-399.
- Argandoña, A. and Von Weltzien Hoivik, H. (2009) Corporate social responsibility: One size does not fit all. Collecting evidence from Europe. *Journal of Business Ethics*, 89 (3), 221-234.
- Arlow, P. and Ackelsberg, R. (1991) A small firm planning survey: business goals, social responsibility, and financial performance. *Akron Business and Economic Review*, 22 (2), 161-172.
- Atiq, M., Karatas-Ozkan, M. (2013) Sustainable Corporate Entrepreneurship from a Strategic CSR (Corporate Social Responsibility) Perspective: Current Research and Future Opportunities. *International Journal of Entrepreneurship and Innovation*, 14 (1), 5-14.
- Audretsch, D.B. (2002) The dynamic role of small firms: Evidence from the US. *Small Business Economics*, 18 (1), 13-40.
- Avram, D.O. and Kühne, S. (2008) Implementing responsible business behavior from a strategic management perspective: Developing a framework for Austrian SMEs. *Journal of Business Ethics*, 82 (2), 463-475.
- Bailey, K.D. (1987) *Methods of social research*. New York; London: Free Press Collier Macmillan.
- Baines, S. and Wheelock, J. (1998) Working for each other: gender, the household and micro-business survival and growth. *International Small Business Journal*, 17 (1), 16-35.
- Baker, W.E. (1990) Market networks and corporate behavior. *American journal of sociology*, 96, 589-625.
- Baldarelli, M.G. (2012) New perspectives in inter-company relations, social responsibility (CSR) and social, ethical and environmental accounting in Italy by way of the government CSR-SC project: theory and praxis. *Economia Aziendale Online*, (1), 1-26.
- Barber, B. (1983) *The logic and limits of trust*. New Brunswick, NJ: Rutgers University Press
- Barney, J.B. and Hansen, M.H. (1994) Trustworthiness as a source of competitive advantage. *Strategic management journal*, 15 (S1), 175-190.

- Barro, R.J. and McCleary, R. (2003) *Religion and economic growth*. Cambridge, Mass: National Bureau of Economic Research.
- Bartle, I. and Vass, P. (2007) Self-regulation within the regulatory state: towards a new regulatory paradigm? *Public Administration*, 85 (4), 885-905.
- Basu, K. and Palazzo, G. (2008) Corporate social responsibility: A process model of sensemaking. *The Academy of Management Review*, 33 (1), 122-136.
- Battaglia, M., Bianchi, L., Frey, M. and Iraldo, F. (2010) An Innovative Model to Promote CSR among SMEs Operating in Industrial Clusters: Evidence from an EU Project. *Corporate Social Responsibility and Environmental Management*, 17 (3), 133-141.
- Baughn, C.C., Bodie, N.L. and Mcintosh, J.C. (2007) Corporate social and environmental responsibility in Asian countries and other geographical regions. *Corporate Social Responsibility and Environmental Management*, 14 (4), 189-205.
- Belak, J. and Milfelner, B. (2011) Informal and formal institutional measures of business ethics implementation at different stages of enterprise life cycle. *Acta Polytechnica Hungarica*, 8 (1), 105-122.
- Belal, A.R. (2001) A study of corporate social disclosures in Bangladesh. *Managerial Auditing Journal*, 16 (5), 274-289.
- Belliveau, M.A., O'reilly, C.A. and Wade, J.B. (1996) Social capital at the top: Effects of social similarity and status on CEO compensation. *Academy of Management Journal*, 39 (6), 1568-1593.
- Bendell, J., Miller, A. and Wortmann, K. (2011) Public policies for scaling corporate responsibility standards: Expanding collaborative governance for sustainable development. *Sustainability Accounting, Management and Policy Journal*, 2 (2), 263-293.
- Berger, P.L. and Luckmann, T. (1966) *The social construction of reality : a treatise in the sociology of knowledge*. New York: Doubleday.
- Birn, R., Hague, P.N. and Vangelder, P. (2000) *The handbook of international market research techniques*, 2nd. ed. London: Kogan Page.
- Blackman, A. (2006) *Small firms and the environment in developing countries: Collective impacts, collective action*. USA: Rff Press.
- Blaikie, N.W.H. (2000) *Designing social research : the logic of anticipation*. Cambridge: Polity Press.
- Blumer, H. (1969) *Symbolic interactionism : perspective and method*. Englewood Cliffs, N.J.: Prentice-Hall.
- Bodley, J.H. (2011) *Cultural Anthropology : Tribes, States, and the Global System*, 5th ed. ed. Lanham: AltaMira Press.
- Boli, J. and Hartsuiker, D. (2001) World culture and transnational corporations: sketch of a project *International Conference on Effects of and Responses to Globalization*, Istanbul.
- Bond, M.H. (1988) Finding universal dimensions of individual variation in multicultural studies of values: The Rokeach and Chinese value surveys. *Journal of personality and social psychology*, 55 (6), 1009.

- Bondy, K., Matten, D. and Moon, J. (2004) The Adoption of Voluntary Codes of Conduct in MNCs: A Three-Country Comparative Study. *Business and Society Review*, 109 (4), 449-477.
- Bourdieu, P. (1977) *Outline of a theory of practice ; translated by Richard Nice*. Cambridge: Cambridge University Press.
- Bourdieu, P. (1986) The forms of capital IN: Richardson, J.G. (ed.) *Handbook of Theory and Research for the Sociology of Education*. New York: Greenwood Press.
- Bourdieu, P. and Wacquant, L.J. (1992) *An invitation to reflexive sociology*. Cambridge: Polity Press.
- Bowen, H.R. (1953) *Social responsibilities of the businessman*. New York: Harper & Brothers.
- Boyatzis, R.E. (1998) *Transforming qualitative information : thematic analysis and code development*. Thousand Oaks, CA: Sage Publications.
- Brammer, S., Williams, G. and Zinkin, J. (2007) Religion and attitudes to corporate social responsibility in a large cross-country sample. *Journal of Business Ethics*, 71 (3), 229-243.
- Brooks, S. (2005) Corporate social responsibility and strategic management: the prospects for converging discourses. *Strategic Change*, 14 (7), 401-411.
- Brown, D.J. and King, J.B. (1982) Small business ethics: Influences and perceptions. *Journal of Small Business Management*, 20 (1), 11-18.
- Bryant, C.G. and Jary, D. (2001) *The contemporary Giddens: Social theory in a globalizing age*. New York: Palgrave.
- Bryman, A. (2001) *Social research methods*. Oxford: Oxford University Press.
- Bucar, B. and Hisrich, R. (2001) Ethics of business managers vs. entrepreneurs. *Journal of Developmental Entrepreneurship*, 6 (1), 59-82.
- Burr, V. (1995) *An introduction to social constructionism*. London: Routledge.
- Burrell, G. and Morgan, G. (1979) *Sociological paradigms and organisational analysis*. London: Heinemann.
- Burt, R.S. (1992) *Structural holes : the social structure of competition*, 1st Harvard University Press paperback ed. ed. Cambridge, Mass ; London: Harvard University Press.
- Burt, R.S. (2002) The social capital of structural holes IN: Mauro F.Guillen, R.C., Paula England and Marchall Meyer (ed.) *The new economic sociology: Developments in an emerging field*. New York: Sage Publications, 148-190.
- Calkins, M.S.J. (2000) Recovering religion's prophetic voice for business ethics. *Journal of Business Ethics*, 23 (4), 339-352.
- Campbell, J.L. (2007) Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility. *The Academy of Management Review*, 32 (3), 946-967.
- Carlos, M., Martos, V., and Torraleja, F. (2007) Is Family Business More Socially Responsible? The Case of GRUPO CIM. *Business and Society Review*, 112 (1), 121-136.

- Carr, P. (2003) Revisiting the protestant ethic and the spirit of capitalism: understanding the relationship between ethics and enterprise. *Journal of Business Ethics*, 47 (1), 7-16.
- Carroll, A.B. (1979) A three-dimensional conceptual model of corporate performance. *The Academy of Management Review*, 4 (4), 497-505.
- Carroll, A.B. (1991) The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34 (4), 39-48.
- Carroll, A.B. (1998) The four faces of corporate citizenship. *Business and Society Review*, 100 (1), 1-7.
- Carroll, A.B. (1999) Corporate social responsibility. *Business & Society*, 38 (3), 268.
- Carroll, A.B. (2004) Managing ethically with global stakeholders: A present and future challenge. *The Academy of Management Executive*, 18 (2), 114-120.
- Carroll, A.B. and Shabana, K.M. (2010) The business case for corporate social responsibility: a review of concepts, research and practice. *International Journal of Management Reviews*, 12 (1), 85-105.
- Carron., P., Thomsen., L., Chan, A., Muro, A. and Bhushan, C. (2006) Critical perspectives on CSR and development: what we know, what we don't know, and what we need to know. *International Affairs*, 82 (5), 977-987.
- Castka, P., Balzarova, M.A., Bamber, C.J. and Sharp, J.M. (2004) How can SMEs effectively implement the CSR agenda? A UK case study perspective. *Corporate Social Responsibility and Environmental Management*, 11 (3), 140-149.
- Chapple, W. and Moon, J. (2005) Corporate social responsibility (CSR) in Asia. *Business & Society*, 44 (4), 415-441.
- Chell, E. and Pittaway, L. (1998) The social construction of entrepreneurship. Paper presented at 21st ISBA National Small Firms Conference: Celebrating the Small Business, Durham University, Durham., 18-20 November.
- Chen, C.C., Chen, X.-P. and Meindl, J.R. (1998) How can cooperation be fostered? The cultural effects of individualism-collectivism. *Academy of management review*, 23 (2), 285-304.
- Cheung, D.K.K., Welford, R.J. and Hills, P.R. (2009) CSR and the environment: Business supply chain partnerships in Hong Kong and PRDR, China. *Corporate Social Responsibility and Environmental Management*, 16 (5), 250-263.
- Coffey, A. and Atkinson, P. (1996) *Making sense of qualitative data : complementary research strategies*. Thousand Oaks, Calif ; London: Sage Publications.
- Coleman, J.S. (1988) Social capital in the creation of human capital. *American journal of sociology*, 94, 95-120.
- Coleman, J.S. (1994) *Foundations of social theory*. Cambridge: Belknap Press of Harvard Univ. Press.

- Collis, J. and Hussey, R. (2003) *Business research : a practical guide for undergraduate and postgraduate students*, 2nd. ed. Houndmills, Basingstoke: Palgrave Macmillan.
- Corbin, J.M. and Strauss, A.L. (2008) *Basics of qualitative research: Techniques and procedures for developing grounded theory*. Thousand Oaks: Sage Publications.
- Creswell, J., W (2009) *Research design: Qualitative, quantitative, and mixed methods approaches*, 3d ed.: Sage Publications.
- Cropanzano, R. and Wright, T.A. (2001) When a " happy" worker is really a " productive" worker: A review and further refinement of the happy-productive worker thesis. *Consulting Psychology Journal: Practice and Research*, 53 (3), 182.
- Crotty, M. (1998) *The foundations of social research : meaning and perspective in the research process*. London: Sage Publications.
- Curran, J., Rutherford, R. and Smith, S.L. (2000) Is there a local business community? *Local Economy: The Journal of the Local Economy Policy Unit*, 15 (2), 128.
- Curry, L.A., Nembhard, I.M. and Bradley, E.H. (2009) Qualitative and mixed methods provide unique contributions to outcomes research. *Circulation*, 119 (10), 1442-1452.
- Dahawy, K. (2010) Developing nations and corporate governance: the story of Egypt. Paper presented at The International Financial Corporation (IF) The Global Corporate Governance Online Forum 24 September.
- Dahlsrud, A. (2008) How corporate social responsibility is defined: an analysis of 37 definitions. *Corporate Social Responsibility and Environmental Management*, 15 (1), 1-13.
- Daugherty, E.L. (2001) Public relations and social responsibility. *Handbook of public relations*, 389-401.
- Davies, I.A. and Crane, A. (2010) Corporate social responsibility in small-and medium-size enterprises: investigating employee engagement in fair trade companies. *Business Ethics: A European Review*, 19 (2), 126-139.
- Davis, K. (1960) Can business afford to ignore social responsibilities? *California Management Review*, 2 (3), 497-505.
- Davis, K. (1973) The case for and against business assumption of social responsibilities. *The Academy of Management Journal*, 16 (2), 312-322.
- Dawson, S., Breen, J. and Satyen, L. (2002) The ethical outlook of micro business operators. *Journal of Small Business Management*, 40 (4), 302-313.
- Déjean, F., Gond, J.-P. and Leca, B. (2004) Measuring the unmeasured: An institutional entrepreneur strategy in an emerging industry. *Human relations*, 57 (6), 741-764.
- Demuijnck, G. and Ngnodjom, H. (2012) Responsibility and Informal CSR in Formal Cameroonian SMEs. *Journal of Business Ethics*, 112 (4), 1-13.
- Denzin, N.K. and Lincoln, Y.S. (2003) *The landscape of qualitative research : theories and issues*. London: Sage Publications.

- Denzin, N.K. and Lincoln, Y.S. (2005) *The Sage handbook of qualitative research*. Thousand Oaks, CA: Sage Publications.
- Deutsch, M. (1949) A theory of cooperation and competition. *Human Relation*, 2, 129-115.
- Dobers, P. and Halme, M. (2009) Corporate social responsibility and developing countries. *Corporate Social Responsibility and Environmental Management*, 16 (5), 237-249.
- Donaldson, T. and Dunfee, T.W. (1999) *Ties that bind : a social contracts approach to business ethics*. Boston, Mass: Harvard Business School Press.
- Duberley, J., Johnson, P. and Cassell, C. (2012) Philosophies underpinning qualitative research IN: Symon, G. and Cassell, C. (eds.) *Qualitative organizational research : core methods and current challenges*. London: Sage Publications, 15-34.
- Dunfee, T.W. (2006) A critical perspective of integrative social contracts theory: Recurring criticisms and next generation research topics. *Journal of Business Ethics*, 68 (3), 303-328.
- Dzansi, D.Y. and Pretorius, M. (2009) Addressing and measuring small business social responsibility in the African context: a stakeholder framework. *Social Responsibility Journal*, 5 (2), 245-256.
- Easterby-Smith, M., Richard Thrope, Paul Jackson (2012) *Management Research*, 4th ed. Los Angeles/London/New Delhi/Singapore/Washington DC: Sage Publications.
- Edoho, F.M. (2008) Oil transnational corporations: corporate social responsibility and environmental sustainability. *Corporate Social Responsibility and Environmental Management*, 15 (4), 210-222.
- Egri, C.P., Ralston, D.A., Milton, L., Casado, T., Palmer, I., Ramburuth, P., Wangenheim, F., Fu, P.P., Kuo, M.H., Carranza, M.T.G., Girson, I., Dabic, M., Butt, A., Srinivasan, N., Furrer, O., Hallinger, P., Dalgic, T., Richards, M., Rossi, A.M., Danis, W., Gutirez, J.R., Reynaud, E., Brock, D., Molteni, M., Starkus, A., Castro, F., Chia, H.B., Darder, F.L., Wallace, A., Naoumova, I., Ansari, M., Riddel, L., Potocan, V.V., Thanh, H.V (2006) The influence of personal values and national contexts on attitudes towards corporate responsibilities. Paper presented at Third B.C. Organizational Behaviour Conference, Vancouver , Canada.
- Enderle, G. (1996) Focus: A comparison of business ethics in North America and continental Europe. *Business Ethics: A European Review*, 5 (1), 33-46.
- Enderle, G. (2004) Global competition and corporate responsibilities of small and medium-sized enterprises. *Business Ethics: A European Review*, 13 (1), 50-63.
- European Commission (2001) *Promoting a European framework for corporate social responsibility*. Brussels: Commission, E.
- Evan, W.M. and Freeman, R.E. (2008) A stakeholder theory of the modern corporation : Kantian capitalism IN: Beauchamp, T.L. and Bowie, N.E. (eds.) *Ethical theory and business*. Harlow: Prentice Hall, p. 97-106.

- Evans, P. (1996) Government action, social capital and development: reviewing the evidence on synergy. *World development*, 24 (6), 1119-1132.
- Fassin, Y. (2008) SMEs and the fallacy of formalising CSR. *Business Ethics: A European Review*, 17 (4), 364-378.
- Fassin, Y. and Buelens, M. (2011) The hypocrisy-sincerity continuum in corporate communication and decision making: A model of corporate social responsibility and business ethics practices. *Management Decision*, 49 (4), 586-600.
- Finnegan, D.J. and Currie, W.L. (2010) A multi-layered approach to CRM implementation: An integration perspective. *European Management Journal*, 28 (2), 153-167.
- Fisher, K., Geenen, J., Jurcevic, M., McClintock, K. and Davis, G. (2009) Applying asset-based community development as a strategy for CSR: a Canadian perspective on a win-win for stakeholders and SMEs. *Business Ethics: A European Review*, 18 (1), 66-82.
- Fligstein, N. and Feeland, R. (1995) Theoretical and comparative perspectives on corporate organization. *Annual review of sociology*, 21-43.
- Fox, T. (2004) Corporate Social Responsibility and Development: In quest of an agenda. *Development*, 47 (3), 29-36.
- Frederick, W.C. (1960) The growing concern over business responsibility. *California Management Review*, 2 (4), 54-61.
- Frederick, W.C. (1994) From csr1 to csr2. *Business & Society*, 33 (2), 150-164.
- Frederick, W.C. (2006) *Corporation, be good!: the story of corporate social responsibility*. Indianapolis, IN: Dog Ear Publishing.
- Frederick, W.C. (2008) Corporate social responsibility: deep roots, flourishing growth, promising future IN: Crane, A., McWilliams, A., Matten, D., Moon, J. (ed.) *The Oxford handbook of corporate social responsibility*. Oxford;New York: Oxford University Press.
- Freeman, R.E. (1984) *Strategic management : a stakeholder approach*. Boston: Pitman.
- Friedman, M. (1970) 'The social responsibility of business is to increase its profits' *New York Times Magazine*, 13 September. 122-126.
- Frynas, J.G. (2008) Corporate social responsibility and international development: Critical assessment. *Corporate Governance: An International Review*, 16 (4), 274-281.
- Frynas, J.G. (2009) *Beyond corporate social responsibility: oil multinationals and social challenges*. Cambridge: New York: Cambridge University Press.
- Fuchs, S. (2001) *Against essentialism : a theory of culture and society*. Cambridge, Mass. ; London: Harvard University Press.
- Fukuyama, F. (1996) Trust: The social virtues and the creation of prosperity. New York Free Press Paperbacks, 83-96.
- Fukuyama, F. (2001) Social capital, civil society and development. *Third World Quarterly*, 22 (1), 7-20.

- Fuller, T. and Lewis, J. (2002) 'Relationships Mean Everything'; A Typology of Small-Business Relationship Strategies in a Reflexive Context. *British Journal of Management*, 13 (4), 317-336.
- Fuller, T. and Tian, Y. (2006) Social and symbolic capital and responsible entrepreneurship: an empirical investigation of SME narratives. *Journal of Business Ethics*, 67 (3), 287-304.
- Fülöp, G., Hisrich, R.D. and Szegedi, K. (2000) Business ethics and social responsibility in transition economies. *Journal of Management Development*, 19 (1), 5-31.
- Gadenne, D.L., Kennedy, J. and Mckeiver, C. (2009) An empirical study of environmental awareness and practices in SMEs. *Journal of Business Ethics*, 84 (1), 45-63.
- Galaskiewicz, J. (1991) Making corporate actors accountable: Institution-building in Minneapolis-St. Paul IN: Powell, W.W. and J. Dimaggi, P. (eds.) *The new institutionalism in organizational analysis*. Chicago: University of Chicago Press, 293-310.
- Garriga, E. and Melé, D. (2004) Corporate social responsibility theories: mapping the territory. *Journal of Business Ethics*, 53 (1), 51-71.
- Gellert, F.J. and Graaf, F.J. (2012) Corporate social responsibility and aging workforces: an explorative study of corporate social responsibility implementation in small- and medium-sized enterprises. *Business Ethics: A European Review*, 21 (4), 353-363.
- Gergen, K.J. (1985) The social constructionist movement in modern psychology. *American psychologist*, 40 (3), 266.
- Gibbert, M., Ruigrok, W. and Wicki, B. (2008) What passes as a rigorous case study? *Strategic management journal*, 29 (13), 1465-1474.
- Giddens, A. (1995) *Politics, sociology and social theory: Encounters with classical and contemporary social thought*. Stanford, Calif: Stanford University Press.
- Golob, U. and Bartlett, J.L. (2007) Communicating about corporate social responsibility: A comparative study of CSR reporting in Australia and Slovenia. *Public Relations Review*, 33 (1), 1-9.
- González, M.D.L.C. and Martínez, C.V. (2004) Fostering corporate social responsibility through public initiative: from the EU to the Spanish case. *Journal of Business Ethics*, 55 (3), 275-293.
- Goss, D. (1991) *Small business and society*. London ;New York: Routledge.
- Gouldner, A.W. (1960) *The norm of reciprocity: A preliminary statement*. Indianapolis: Bobbs-Merrill.
- Graafland, J., Van De Ven, B. and Stoffele, N. (2003) Strategies and instruments for organising CSR by small and large businesses in the Netherlands. *Journal of Business Ethics*, 47 (1), 45-60.
- Granovetter, M. (1985) Economic action and social structure: the problem of embeddedness. *American journal of sociology*, 91, 481-510.
- Grayson, D. (2006) Inspiring Smaller Firms With the Responsible Business Mindset IN: Epstein, M.J. and Hanson, K.O. (eds.) *The Accountable Corporation: Corporate Social Responsibility* London: Praeger, 279-298.

- Guba, E.G. and Lincoln, Y.S. (1981) *Effective evaluation: Improving the usefulness of evaluation results through responsive and naturalistic approaches*. San Francisco, CA, US: Jossey-Bass.
- Guba, E.G. and Lincoln, Y.S. (1989) *Fourth generation evaluation*. Newbury Park, Calif. ; London: Sage Publications.
- Guba, E.G. and Lincoln, Y.S. (1994) Competing paradigms in qualitative research IN: Denzin, N., K., and Lincoln, Y.S. (eds.) *The landscape of qualitative research*. Thousand Oaks: Sage Publications, 195-220.
- Gupta, A.D. (2007) Social responsibility in India towards global compact approach. *International Journal of Social Economics*, 34 (9), 637-663.
- Habermas, J. (1970) Knowledge and interest IN: Emmet, D.M., Mac, I., Macintyre, A.C. and (eds.) *Sociological theory and philosophical analysis*. . London: Macmillan, xxiv, 232 p. ; 221 cm.
- Hacking, I. (1999) *The social construction of what?* Cambridge, Mass. ; London: Harvard University Press.
- Hall, P.A., Soskice, D.W. and Mylilibrary (2001) *Varieties of capitalism : the institutional foundations of comparative advantage*. Oxford: Oxford University Press.
- Halme, M., Roome, N. and Dobers, P. (2009) Corporate responsibility: Reflections on context and consequences. *Scandinavian Journal of Management*, 25 (1), 1-9.
- Hamann, R. and Acutt, N. (2003) How should civil society (and the government) respond to 'corporate social responsibility'? A critique of business motivations and the potential for partnerships. *Development Southern Africa*, 20 (2), 255-270.
- Hammann, E.M., Habisch, A. and Pechlaner, H. (2009) Values that create value: socially responsible business practices in SMEs—empirical evidence from German companies. *Business Ethics: A European Review*, 18 (1), 37-51.
- Hellstroem, T., Jacob, M. and Wenneberg, S.B. (2003) The 'discipline' of post-academic science: Reconstructing the paradigmatic foundations of a virtual research institute. *Science and public policy*, 30 (4), 251-260.
- Hemingway, C.A. (2005) Personal values as a catalyst for corporate social entrepreneurship. *Journal of Business Ethics*, 60 (3), 233-249.
- Hemingway, C.A. and Maclagan, P.W. (2004) Managers' personal values as drivers of corporate social responsibility. *Journal of Business Ethics*, 50 (1), 33-44.
- Hofstede, G. and Bond, M.H. (1984) Hofstede's Culture Dimensions An Independent Validation Using Rokeach's Value Survey. *Journal of cross-cultural psychology*, 15 (4), 417-433.
- Hofstede, G., Hofstede, G.J. and Minkov, M. (1991) *Cultures and organizations*. London: McGraw-Hill
- Holliday, R. (1995) *Investigating small firms: nice work?* London ; New York: Routledge.
- Hooker, J. and Madsen, P. (2004) *International corporate social responsibility: Exploring the issues* Pittsburgh: Carnegie Mellon University Press. .

- Hornsby, J.S., Kuratko, D.F., Naffziger, D.W., Lajolette, W.R. and Hodgetts, R.M. (1994) The ethical perceptions of small business owners: A factor analytic study. *Education*, 3, 1.1.
- Husted, B.W. (2003) Governance choices for corporate social responsibility: to contribute, collaborate or internalize? *Long Range Planning*, 36 (5), 481-498.
- Husted, B.W. and De Jesus Salazar, J. (2006) Taking Friedman Seriously: Maximizing Profits and Social Performance. *Journal of Management Studies*, 43 (1), 75-91.
- Ibrahim, S. (2014) Creating Social Capital for SMEs: a CSR approach to HRM practices IN: Mine Karatas-Ozkan, Katerina Nicolopoulou and Mustafa F Özbilgin (eds.) *Corporate Social Responsibility And Human Resource Management; A Diversity Perspective*. Cheltenham,UK: Edward Elgar Publishing Ltd, 149-168.
- Ibrahim, S., Jamali, D. and Karatas-Ozkan, M. (2012) Corporate Social Responsibility (CSR) in Small and Medium-Sized Enterprises: A Developing Country Perspective IN: Underwood, S., Blundel, R., Lyon, F., Schaefer (ed.) *Social and sustainable enterprise: changing the nature of business .Contemporary Issues in Entrepreneurship Research*. Bingley: Emerald Group Publishing, 167-192.
- Idemudia, U. (2007) Community perceptions and expectations: reinventing the wheels of corporate social responsibility practices in the Nigerian oil industry. *Business and Society Review*, 112 (3), 369-405.
- Inglehart, R. (1977) *The Silent Revolution: Changing Values and Political Styles in Advanced Industrial Society*. Princeton, NJ: Princeton University Press.
- Isham, J. and Kaufmann, D. (1999) The forgotten rationale for policy reform: the productivity of investment projects. *The Quarterly journal of economics*, 114 (1), 149-184.
- Ite, U.E. (2004) Multinationals and corporate social responsibility in developing countries: a case study of Nigeria. *Corporate Social Responsibility and Environmental Management*, 11 (1), 1-11.
- Ite, U.E. (2007) Changing times and strategies: Shell's contribution to sustainable community development in the Niger Delta, Nigeria. *Sustainable Development*, 15 (1), 1-14.
- Iturrioz, C., Aragón, C., Narvaiza, L. and Ibañez, A. (2011) The Alignment Between Social Responsibility and Business Strategy: Implications for Social Responsibility Value Creation in Spanish SMEs IN: Spence, L. and Painter-Morland, M. (eds.) *Ethics in Small and Medium Sized Enterprises: A Global Commentary*. Dordrecht Springer Verlag, 227-253.
- Jack, S.L. and Anderson, A.R. (2002) The effects of embeddedness on the entrepreneurial process. *Journal of Business Venturing*, 17 (5), 467-487.
- Jahdi, K.S. and Acikdilli, G. (2009) Marketing communications and corporate social responsibility (CSR): marriage of convenience or shotgun wedding? *Journal of Business Ethics*, 88 (1), 103-113.
- Jamali, D. (2007) The case for strategic corporate social responsibility in developing countries. *Business and Society Review*, 112 (1), 1-27.

- Jamali, D. (2008) A stakeholder approach to corporate social responsibility: a fresh perspective into theory and practice. *Journal of Business Ethics*, 82 (1), 213-231.
- Jamali, D. and Mirshak, R. (2007) Corporate social responsibility (CSR): theory and practice in a developing country context. *Journal of Business Ethics*, 72 (3), 243-262.
- Jamali, D. and Neville, B. (2011) Convergence Versus Divergence of CSR in Developing Countries: An Embedded Multi-Layered Institutional Lens. *Journal of Business Ethics*, 102 (4), 599-621.
- Jamali, D. and Sidani, Y. (2011) Is CSR counterproductive in developing countries: the unheard voices of change. *Journal of Change Management*, 11 (1), 69-71.
- Jamali, D. and Sidani, Y. (2012) *CSR in the middle east: Fresh perspectives*. UK, Palgrave Macmillan.
- Jamali, D., Sidani, Y. and El-Asmar, K. (2009a) A three country comparative analysis of managerial CSR perspectives: Insights from Lebanon, Syria and Jordan. *Journal of Business Ethics*, 85 (2), 173-192.
- Jamali, D., Yianni, M. and Abdallah, H. (2011) Strategic partnerships, social capital and innovation: accounting for social alliance innovation. *Business Ethics: A European Review*, 20 (4), 375-391.
- Jamali, D., Zanhour, M. and Keshishian, T. (2009b) Peculiar strengths and relational attributes of SMEs in the context of CSR. *Journal of Business Ethics*, 87 (3), 355-377.
- Jann, W. (2003) State, administration and governance in Germany: competing traditions and dominant narratives. *Public Administration*, 81 (1), 95-118.
- Jarvis, M. (2004) *Can Small Be Responsible? The Possibilities and Challenges of Corporate Social Responsibility among Small and Medium Enterprises*. The World Bank Institute.
- Jawahar, I. and Mclaughlin, G.L. (2001) Toward a descriptive stakeholder theory: An organizational life cycle approach. *Academy of management review*, 26 (3), 397-414.
- Jenkins, H. (2004a) Corporate Social Responsibility-Engaging SMEs in the debate. *New Academy Review*, 3 (3), 76-95.
- Jenkins, H. (2004b) A critique of conventional CSR theory: an SME perspective. *Journal of General Management*, 29 (9), 37-57.
- Jenkins, H. (2006) Small Business Champions for Corporate Social Responsibility. *Journal of Business Ethics*, 67 (3), 241-256.
- Jenkins, H. (2009) A 'business opportunity' model of corporate social responsibility for small and medium sized enterprises. *Business Ethics: A European Review*, 18 (1), 21-36.
- Jenkins, R. (2005) Globalization, corporate social responsibility and poverty. *International Affairs*, 81 (3), 525-540.
- Jensen, M.C. (2001) Value maximization, stakeholder theory, and the corporate objective function. *Journal of Applied Corporate Finance*, 14 (3), 8-21.

- Jensen, M.C. and Meckling, W.H. (1976) Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of financial economics*, 3 (4), 305-360.
- Johnson, P. and Duberley, J. (2000) *Understanding management research: An introduction to epistemology*. London: Sage Publications.
- Jonassen, D.H. (1991) Objectivism versus constructivism: Do we need a new philosophical paradigm? *Educational technology research and development*, 39 (3), 5-14.
- Jones, O. and Tilley, F. (2003) *Competitive advantage in SMEs : organising for innovation and change*. Hoboken, NJ: J. Wiley.
- Joseph, E. (2000) *A welcome engagement: SMEs and social inclusion*. London: Institute for Public Policy Research.
- Joseph, E. (2003) *A New Business Agenda for Government*. London: Institute for Public Policy Research
- Kakabadse, N.K., Rozuel, C. and Lee-Davies, L. (2005) Corporate social responsibility and stakeholder approach: a conceptual review. *International Journal of Business Governance and Ethics*, 1 (4), 277-302.
- Karataş -Özkan, M. (2011) Understanding relational qualities of entrepreneurial learning: Towards a multi-layered approach. *Entrepreneurship & Regional Development*, 23 (9-10), 877-906.
- Kechiche, A. and Soparnot, R. (2012) CSR within SMEs: Literature review. *International Business Research*, 5 (7), 97.
- Kehbila, A.G., Ertel, J. and Brent, A.C. (2009) Strategic corporate environmental management within the South African automotive industry: motivations, benefits, hurdles. *Corporate Social Responsibility and Environmental Management*, 16 (6), 310-323.
- Keitumetse, S.O. (2011) Sustainable development and cultural heritage management in Botswana: towards sustainable communities. *Sustainable Development*, 19 (1), 49-59.
- Khan, F.R. and Lund-Thomsen, P. (2011) CSR as imperialism: towards a phenomenological approach to CSR in the developing world. *Journal of Change Management*, 11 (1), 73-90.
- Kidwell, J.M., Stevens, R.E. and Bethke, A.L. (1987) Differences in ethical perceptions between male and female managers: myth or reality? *Journal of Business Ethics*, 6 (6), 489-493.
- Kim and Reber (2009) How public relations professionalism influences corporate social responsibility: A survey of practitioners. *Journalism & Mass Communication Quarterly*, 86 (1), 157-174.
- Kim, Y. and Kim, S.Y. (2010) The influence of cultural values on perceptions of corporate social responsibility: Application of Hofstede's dimensions to Korean public relations practitioners. *Journal of Business Ethics*, 91 (4), 485-500.
- Kimmel, K. and Volet, S. (2010) Significance of context in university students'(meta) cognitions related to group work: A multi-layered, multi-dimensional and cultural approach. *Learning and Instruction*, 20 (6), 449-464.

- King, N. and Horrocks, C. (2010) *Interviews in qualitative research*. Los Angeles ; London: Sage Publications.
- Knack, S. and Keefer, P. (1997) Does social capital have an economic payoff? A cross-country investigation. *The Quarterly journal of economics*, 112 (4), 1251-1288.
- Kolk, A. and Lenfant, F. (2010) MNC reporting on CSR and conflict in Central Africa. *Journal of Business Ethics*, 93 (2), 241-255.
- Kotler, P. and Lee, N. (2008) *Corporate social responsibility: Doing the most good for your company and your cause*. Hoboken, N.J: John Wiley & Sons.
- L'etang, J. (2006) Corporate Social Responsibility and Public Relations Ethics IN: L'etang, J. and Pieczka, M. (eds.) *Public relations: Critical debates and contemporary practice*. LEA,NJ: Lawrence Erlbaum, 405–421.
- Lantos, G.P. (2001) The boundaries of strategic corporate social responsibility. *Journal of consumer marketing*, 18 (7), 595-632.
- Lapalombara, J. (1994) Structural and institutional aspects of corruption. *Social research*, 61 (2), 325-350.
- Larson, A. (1992) Network dyads in entrepreneurial settings: A study of the governance of exchange relationships. *Administrative Science Quarterly*, 37 (1), 76-104.
- Lee, M.D. (2008) A review of the theories of corporate social responsibility: Its evolutionary path and the road ahead. *International Journal of Management Reviews*, 10 (1), 53.
- Lee, M.H., Mak, A.K. and Pang, A. (2012) Bridging the Gap: An Exploratory Study of Corporate Social Responsibility among SMEs in Singapore. *Journal of Public Relations Research*, 24 (4), 299-317.
- Leifer, E.M. and White, H.C. (1986) *Wheeling and annealing: federal and multidivisional control*. Beverly Hills, CA: Sage Publications.
- Lepoutre, J. and Heene, A. (2006) Investigating the Impact of Firm Size on Small Business Social Responsibility: A Critical Review. *Journal of Business Ethics*, 67 (3), 257-273.
- Levitt, T. (1958) The dangers of social responsibility. *Harvard Business Review*, 36 (5), 41-50.
- Lewis, P., Thornhill, A. and Saunders, M. (2007) *Research methods for business students*. Harlow: Financial Times/Prentice Hall.
- Liao, J. and Welsch, H. (2005) Roles of Social Capital in Venture Creation: Key Dimensions and Research Implications. *Journal of Small Business Management*, 43 (4), 345-362.
- Lin, N., Cook, K.S. and Burt, R.S. (2001) *Social capital: theory and research*. New York: Aldine de Gruyter.
- Lincoln, Y.S. and Guba, E.G. (1985) *Naturalistic inquiry*. Newbury Park ; London: Sage.
- Lincoln, Y.S. and Guba, E.G. (1986) But is it rigorous? Trustworthiness and authenticity in naturalistic evaluation IN: Williams, D. (ed.) *Naturalistic Evaluation: New Directions for Evaluation*. San Francisco: Jossey-Bass., 73-84.

- Lindgreen, A. and Swaen, V. (2010) Corporate social responsibility. *International Journal of Management Reviews*, 12 (1), 1-7.
- Lindgreen, A., Swaen, V. and Campbell, T.T. (2009) Corporate social responsibility practices in developing and transitional countries: Botswana and Malawi. *Journal of Business Ethics*, 90 (3), 429-440.
- Lockett, A., Moon, J. and Visser, W. (2006) Corporate Social Responsibility in Management Research: Focus, Nature, Salience and Sources of Influence*. *Journal of Management Studies*, 43 (1), 115-136.
- Logsdon, J. and Wood, D. (2004) Implementing global business citizenship: Multilevel motivations and an initial research agenda IN: Hooker, J. and Madsen, P. (eds.) *International corporate social responsibility: Exploring the issues*. Pittsburg: Carnegie Mellon University Press. .
- Longenecker, J.G., Carlos W. Moore, J. William Petty. (1997) *Small business management : an entrepreneurial emphasis* 10th ed. Cincinnati, Ohio: South-Western College Publications.
- Longenecker, J.G., Mckinney, J.A. and Moore, C.W. (1989) Ethics in small business. *Journal of Small Business Management*, 27 (1), 27-31.
- Longenecker, J.G., Mckinney, J.A. and Moore, C.W. (2004) Religious intensity, evangelical Christianity, and business ethics: An empirical study. *Journal of Business Ethics*, 55 (4), 371-384.
- Longenecker, J.G., Moore, C.W. and Petty, J.W. (1997) *Small business management : an entrepreneurial emphasis*, 10th. ed. Cincinnati, Ohio: South-Western College Publishing.
- Longo, M., Mura, M. and Bonoli, A. (2005) Corporate social responsibility and corporate performance: the case of Italian SMEs. *Corporate Governance*, 5 (4), 28-42.
- Loury, G. (1977) A dynamic theory of racial income differences IN: P.A.Wallace and A.M. Lamonde (eds.) *Women, minorities, and employment discrimination*. Lexington, MA: Lexington Books, 86-153.
- Loury, G.C. (1987) Why should we care about group inequality? *Social Philosophy and Policy*, 5 (01), 249-271.
- Lozano, J.M., Roscher, H., Marcuccio, M., Albareda, L. and Ysa, T. (2008) *Governments and corporate social responsibility*. Basingstoke: Palgrave Macmillan.
- Luetkenhorst, W. (2004) Corporate social responsibility and the development agenda. *Intereconomics*, 39 (3), 157-166.
- Luken, R. and Stares, R. (2005) Small business responsibility in developing countries: a threat or an opportunity? *Business Strategy and the Environment*, 14 (1), 38-53.
- Luken, R.A. (2006) Where is developing country industry in sustainable development planning? *Sustainable Development*, 14 (1), 46-61.
- Lund-Thomsen, P. and Nadvi, K. (2010) Global value chains, local collective action and corporate social responsibility: a review of empirical evidence. *Business Strategy and the Environment*, 19 (1), 1-13.

- Luo, Y. (2006) Political behavior, social responsibility, and perceived corruption: A structuration perspective. *Journal of International Business Studies*, 37 (6), 747-766.
- Maak, T. (2007) Responsible leadership, stakeholder engagement, and the emergence of social capital. *Journal of Business Ethics*, 74 (4), 329-343.
- Maak, T. and Pless, N.M. (2006) Responsible leadership in a stakeholder society—A relational perspective. *Journal of Business Ethics*, 66 (1), 99-115.
- Mandl, I. and Dorr, A. (2007) *CSR and Competitiveness-European SMEs' Good Practice*. Vienna: Research, A.I.F.S.
- Margolis, J.D. and Walsh, J.P. (2003) Misery loves companies: Rethinking social initiatives by business. *Administrative Science Quarterly*, 48 (2), 268-305.
- Markus, H.R. and Kitayama, S. (1991) Culture and the self: Implications for cognition, emotion, and motivation. *Psychological review*, 98 (2), 224.
- Marquis, C., Glynn, M.A. and Davis, G.F. (2007) Community isomorphism and corporate social action. *Academy of management review*, 32 (3), 925-945.
- Martin, J. and Sugarman, J. (1996) Bridging social constructionism and cognitive constructivism: A psychology of human possibility and constraint. *Journal of Mind and Behavior*, 17 (4), 291-320.
- Mason, J. (2002) *Qualitative researching*. Los Angeles ; London: Sage Publications.
- Matten, D. and Crane, A. (2005) Corporate citizenship: Toward an extended theoretical conceptualization. *Academy of management review*, 30 (1), 166-179.
- Matten, D., Crane, A. and Chapple, W. (2003) Behind the mask: Revealing the true face of corporate citizenship. *Journal of Business Ethics*, 45 (1), 109-120.
- Matten, D. and Moon, J. (2008) " Implicit" and" explicit" CSR: a conceptual framework for a comparative understanding of corporate social responsibility. *The Academy of Management Review*, 33 (2), 404-424.
- Maxwell, J.A. (2005) *Qualitative research design : an interactive approach*, 2nd. ed. Thousand Oaks, Calif. ; London: Sage Publications.
- Mcelhaney, K.A. (2008) *Just good business : the strategic guide to aligning corporate responsibility and brand*. San Francisco, CA: Berrett-Koehler, McGraw-Hill
- Mcguire, J.W. (1963) *Business and society*. New York: McGraw-Hill.
- Mcwilliams, A. and Siegel, D. (2001) Corporate social responsibility: A theory of the firm perspective. *The Academy of Management Review*, 26 (1), 117-127.
- Mcwilliams, A., Siegel, D.S. and Wright, P.M. (2006) Corporate social responsibility: Strategic implications*. *Journal of Management Studies*, 43 (1), 1-18.
- Mensah, S. (2002) Corporate governance in Ghana: issues and challenges *African Capital Markets Conference, December, Accra, Ghana*.

- Merriam, S.B. (1998) *Qualitative research and case study applications in education : revised and expanded from Case study research in education*. San Francisco: Jossey-Bass Publishers.
- Midttun, A. (2005) Policy making and the role of government: Realigning business, government and civil society. *Corporate Governance*, 5 (3), 159-174.
- Miles, M.B. and Huberman, A.M. (1994) *Qualitative data analysis : an expanded sourcebook*, 2nd ed. Thousand Oaks, Calif. ; London: Sage Publications.
- Miller, D., Le Breton; Miller, I.,Scholnick, B. (2008) Stewardship vs. Stagnation: An Empirical Comparison of Small Family and Non-Family Businesses. *Journal of Management Studies*, 45 (1), 51-78.
- Mitchell, C.G. and Hill, T. (2009) Corporate social and environmental reporting and the impact of internal environmental policy in South Africa. *Corporate Social Responsibility and Environmental Management*, 16 (1), 48-60.
- Mitra, R. (2009) “My Country’s Future”: A Culture-Centered Interrogation of Corporate Social Responsibility in India. *Journal of Business Ethics*, 106 (2), 1-17.
- Moir, L. (2001) What do we mean by corporate social responsibility? *Corporate Governance*, 1 (2), 16-22.
- Moon, J. (2002) Corporate Social Responsibility: An Overview’ in International Directory of Corporate Philanthropy. London, Europe Publications.
- Moon, J., Crane, A. and Matten, D. (2005) Can corporations be citizens? Corporate citizenship as a metaphor for business participation in society. *Business Ethics Quarterly*, 429-453.
- Moon, J. and Vogel, D. (2008) Corporate social responsibility, government, and civil society IN: Crane, A., McWilliams, A., Matten, D., Moon,J., Siegel, D. (ed.) *The Oxford handbook of corporate social responsibility*. Oxford, UK: Oxford University Press, 303-326.
- Moore, G. and Spence, L.J. (2006) Editorial: Responsibility and small business. *Journal of Business Ethics*, 67 (3), 219-226.
- Morsing, M. and Perrini, F. (2009) CSR in SMEs: do SMEs matter for the CSR agenda? *Business Ethics: A European Review*, 18 (1), 1-6.
- Mörth, U. (2009) The market turn in EU Governance—the emergence of public–private collaboration. *Governance*, 22 (1), 99-120.
- Moser, C.O.N. and World, B. (1996) *Confronting crisis : a comparative study of household responses to poverty and vulnerability in four poor urban communities*. Washington, D.C: World Bank.
- Murillo, D. and Lozano, J.M. (2006) SMEs and CSR: an approach to CSR in their own words. *Journal of Business Ethics*, 67 (3), 227-240.
- Murillo, D. and Lozano, J.M. (2009) Pushing forward SME CSR through a network: an account from the Catalan model. *Business Ethics: A European Review*, 18 (1), 7-20.
- Murphy, P.E. (1978) An evolution: Corporate social responsiveness. *University of Michigan Business Review*, 6 (30), 19-25.

- Nahapiet, J. and Ghoshal, S. (1998) Social capital, intellectual capital, and the organizational advantage. *Academy of management review*, 23 (2), 242-266.
- Neuman, W.L. (2005) *Social research methods : quantitative and qualitative approaches*. Boston, Mass. ; London: Allyn and Bacon.
- Neville, B.A., Bell, S.J. and Whitwell, G.J. (2011) Stakeholder salience revisited: Refining, redefining, and refueling an underdeveloped conceptual tool. *Journal of Business Ethics*, 102 (3), 357-378.
- Newell, P. and Frynas, J.G. (2007) Beyond CSR? Business, poverty and social justice: an introduction. *Third World Quarterly*, 28 (4), 669-681.
- Nielsen, A.E. and Thomsen, C. (2009) Investigating CSR communication in SMEs: a case study among Danish middle managers. *Business Ethics: A European Review*, 18 (1), 83-93.
- Norman, W. and Macdonald, C. (2004) Getting to the bottom of" triple bottom line". *Business Ethics Quarterly*, 14 (2), 243-262.
- North, D.C. (1990) *Institutions, institutional change and economic performance*. Cambridge: Cambridge university press.
- Orlitzky, M. (2001) Does Firm Size Comfound the Relationship Between Corporate Social Performance and Firm Financial Performance? *Journal of Business Ethics*, 33 (2), 167-180.
- Orlitzky, M., Schmidt, F.L. and Rynes, S.L. (2003) Corporate Social and Financial Performance: A Meta-Analysis. *Organization Studies*, 24 (3), 403-441.
- Ouchi, W.G. (1980) Markets, bureaucracies, and clans. *Administrative Science Quarterly*, 25 (1), 129-141.
- Özbilgin, M. and Tatli, A. (2008) *Global diversity management: an evidence-based approach*. Basingstoke: Palgrave Macmillan.
- Packalén, S. (2010) Culture and sustainability. *Corporate Social Responsibility and Environmental Management*, 17 (2), 118-121.
- Painter-Morland, M. and Dobie, K. (2009) Ethics and sustainability within SMEs¹ in sub-Saharan Africa: Enabling, constraining and contaminating relationships. *African Journal of Business Ethics*, 4 (2), 7.
- Patton, M.Q. (1990) *Qualitative evaluation and research methods*, 2nd. ed. Newbury Park, Calif., London: Sage Publications.
- Patton, M.Q. (2002) *Qualitative research and evaluation methods*. Thousand Oaks, Calif: Sage Publications.
- Pedersen, E.R. (2009) The many and the few: rounding up the SMEs that manage CSR in the supply chain. *Supply Chain Management: An International Journal*, 14 (2), 109-116.
- Peel, M.J. and Bridge, J. (1998) How planning and capital budgeting improve SME performance. *Long Range Planning*, 31 (6), 848-856.
- Pelley, A.L. (2010) Middle East IN: Visser, W. and Tolhurst, N. (eds.) *The World Guide to CSR: A Country-by-Country Analysis of Corporate Sustainability and Responsibility*. Sheffield: Greenleaf Publishing, 12.
- Peng, M.W. (2003) Institutional transitions and strategic choices. *Academy of management review*, 28 (2), 275-296.

- Peng, M.W. and Heath, P.S. (1996) The growth of the firm in planned economies in transition: Institutions, organizations, and strategic choice. *Academy of management review*, 21 (2), 492-528.
- Perera, O. (2008) *How Material is ISO 26000 Social Responsibility to Small and Medium-sized Enterprises (SMEs)?* Manitoba, Canada: International Institute for Sustainable Development.
- Perrini, F. (2006) SMEs and CSR Theory: Evidence and Implications from an Italian Perspective. *Journal of Business Ethics*, 67 (3), 305-316.
- Perrini, F., Russo, A. and Tencati, A. (2007) CSR strategies of SMEs and large firms. Evidence from Italy. *Journal of Business Ethics*, 74 (3), 285-300.
- Perrini, F., Russo, A., Tencati, A. and Vurro, C. (2009) *Going beyond a long-lasting debate: What is behind the relationship between corporate social and financial performance.*
- Phillips, D.C. (1995) The good, the bad, and the ugly: The many faces of constructivism. *Educational researcher*, 24 (7), 5-12.
- Porter, M.E. and Kramer, M.R. (2002) The competitive advantage of corporate philanthropy. *Harvard Business Review*, 80 (12), 56-68.
- Porter, M.E. and Kramer, M.R. (2006) The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84 (12), 78-92.
- Porter, M.E. and Kramer, M.R. (2011) Creating shared value. *Harvard Business Review*, 89 (1), 62-77.
- Portes, A. (2000) Social capital: Its origins and applications in modern sociology IN: Esser, E.L. (ed.) *Knowledge and Social Capital: Foundations and Applications*. Boston: Butterworth Heinemann, 43-67.
- Portes, A. and Sensenbrenner, J. (1993) Embeddedness and immigration: Notes on the social determinants of economic action. *American journal of sociology*, 98 (6), 1320-1350.
- Prahalad, C.K. (2005) *The fortune at the bottom of the pyramid : eradicating poverty through profits.* Upper Saddle River, N.J: Wharton School Publishing.
- Prasad, P. (2005) *Crafting qualitative research : working in the postpositivist traditions.* Armonk, N.Y: M.E. Sharpe.
- Pretty, J. and Ward, H. (2001) Social capital and the environment. *World development*, 29 (2), 209-227.
- Punch, K.F. (2005) *Introduction to social research : quantitative and qualitative approaches*, 2nd. ed. London: Sage Publications.
- Putnam, R.D. (1993) The prosperous community. *The american prospect*, 4 (13), 35-42.
- Putnam, R.D. (1995) Tuning in, tuning out: The strange disappearance of social capital in America. *PS: Political science & politics*, 28 (04), 664-664.
- Putnam, R.D., Leonardi, R. and Nanetti, R.Y. (1993) *Making democracy work: Civic institutions in modern Italy.* NJ: Princeton University Press, Princeton.

- Quazi, A.M. and O'brien, D. (2000) An empirical test of a cross-national model of corporate social responsibility. *Journal of Business Ethics*, 25 (1), 33-51.
- Quinn, J.J. (1997) Personal ethics and business ethics: The ethical attitudes of owner/managers of small business. *Journal of Business Ethics*, 16 (2), 119-127.
- Ragab, O.M. (2010) *Corporate Social Responsibility: An Engine for Sustainable Development or A Legitimate Tool to Maintain the Status-Quo*, M.S, American University in Cairo.
- Ram, M. (1999) Managing autonomy: employment relations in small professional service firms. *International Small Business Journal*, 17 (2), 13-30.
- Raynard, P. and Forstater, M. (2002) *Corporate social responsibility: Implications for small and medium enterprises in developing countries*. Vienna, Austria.
- Rinzin, C., Vermeulen, W.J. and Glasbergen, P. (2007) Public perceptions of Bhutan's approach to sustainable development in practice. *Sustainable Development*, 15 (1), 52-68.
- Rizk, R., Dixon, R. and Woodhead, A. (2008) Corporate social and environmental reporting: a survey of disclosure practices in Egypt. *Social Responsibility Journal*, 4 (3), 306-323.
- Roberts, S., Lawson, R. and Nicholls, J. (2006) Generating regional-scale improvements in SME corporate responsibility performance: Lessons from responsibility Northwest. *Journal of Business Ethics*, 67 (3), 275-286.
- Robertson, D.C. (1993) Empiricism in business ethics: Suggested research directions. *Journal of Business Ethics*, 12 (8), 585-599.
- Roe, M.J. (2006) *Political determinants of corporate governance : political context, corporate impact*. Oxford: Oxford University Press.
- Roome, N. (2005) Some implications of national agendas for CSR IN: Habisch. A. J, Jonker, Wegner.M and Schmidpeter. R (eds.) *Corporate social responsibility across Europe*. Berlin: Springer, 317-333.
- Rose-Ackerman, S. (1999) *Corruption and government : causes, consequences, and reform*. Cambridge: Cambridge University Press.
- Rubio, M. (1997) Perverse social capital: some evidence from Colombia. *Journal of economic issues*, 31 (3), 805-816.
- Russo, A. and Perrini, F. (2009) Investigating Stakeholder Theory and Social Capital: CSR in Large Firms and SMEs. *Journal of Business Ethics*, 91 (2), 207-221.
- Sacconi, L. and Degli Antoni, G. (2009) A theoretical analysis of the relationship between social capital and corporate social responsibility: concepts and definitions IN: Sacchetti S., S.R. (ed.) *Knowledge in the Development of Economies. Institutional Choices under Globalisation*. London: Edward Elgar Publishing Ltd,.

- Samaha, K., Dahawy, K., Hussainey, K. and Stapleton, P. (2012) The extent of corporate governance disclosure and its determinants in a developing market: The case of Egypt. *Advances in Accounting*, 28 (1), 168-178.
- Sanjek, R. (1990) *Fieldnotes: The makings of anthropology*. Ithaca: Cornell University Press.
- Sarbutts, N. (2003) Can SMEs “do” CSR? A practitioner’s view of the ways small-and medium-sized enterprises are able to manage reputation through corporate social responsibility. *Journal of Communication Management*, 7 (4), 340-347.
- Saunders, M. (2012) Choosing research participants IN: Symon, G. and Cassell, C. (eds.) *Qualitative Organizational Research—Core Methods and Current Challenges*. London: Sage Publications, 35-52.
- Scholtens, B. and Dam, L. (2007) Cultural values and international differences in business ethics. *Journal of Business Ethics*, 75 (3), 273-284.
- Schutz, A., Walsh, G. and Lehnert, F. (1967) *The phenomenology of the social world*. Evanston: Northwestern University Press.
- Scott, W.R. (2014) *Institutions and organizations: ideas, interests, and identities*, 4th. ed. Los Angeles: Sage Publications.
- Seale, C. (2004) *Researching society and culture*. Los Angeles. ; London: Sage Publications.
- Sethi, S.P. (1979) A conceptual framework for environmental analysis of social issues and evaluation of business response patterns. *Academy of management review*, 4 (1), 63-74.
- Shome, R. and Hegde, R. (2002) Culture, communication, and the challenge of globalization. *Critical Studies in Media Communication*, 19 (2), 172-189.
- Short, T. (2008) Sustainable development in Rwanda: industry and government. *Sustainable Development*, 16 (1), 56-69.
- Shotter, J. (1993) *Conversational realities : constructing life through language*. London: Sage Publications.
- Silverman, D. (2013) *Doing qualitative research: A practical handbook*. London: Sage Publications.
- Sitkin, S.B. and Roth, N.L. (1993) Explaining the limited effectiveness of legalistic “remedies” for trust/distrust. *Organization Science*, 4 (3), 367-392.
- Sjöström, E. and Welford, R. (2009) Facilitators and impediments for socially responsible investment: a study of Hong Kong. *Corporate Social Responsibility and Environmental Management*, 16 (5), 278-288.
- Smith, A. (1761) *The theory of moral sentiments*, 2nd. ed. London: Printed for A. Millar.
- Smith, N.C. and Lenssen, G. (2009) *Mainstreaming corporate responsibility*. Chichester: Wiley.
- Snider, J., Hill, R.P. and Martin, D. (2003) Corporate social responsibility in the 21st century: a view from the world's most successful firms. *Journal of Business Ethics*, 48 (2), 175-187.
- Sobel, J. (2002) Can we trust social capital? *Journal of Economic Literature*, 40 (1), 139-154.

- Solomon, R.C. (1994) *The new world of business: Ethics and free enterprise in the global 1990s*. Rowman & Littlefield.
- Solymossy, E. and Masters, J.K. (2002) Ethics through an entrepreneurial lens: theory and observation. *Journal of Business Ethics*, 38 (3), 227-240.
- Spence L.J. (2007) CSR and small business in a European policy context: the five “C” s of CSR and small business research agenda 2007. *Business and Society Review*, 112 (4), 533-552.
- Spence, L.J. (1999) Does size matter? The state of the art in small business ethics. *Business Ethics: A European Review*, 8 (3), 163-174.
- Spence, L.J. and Lozano, J.F. (2000) Communicating about ethics with small firms: Experiences from the UK and Spain. *Journal of Business Ethics*, 27 (1), 43-53.
- Spence, L.J. and Painter-Morland, M. (2010) *Ethics in Small and Medium Sized Enterprises: A Global Commentary*. Dordrecht Springer Verlag.
- Spence, L.J. and Rutherford, R. (2001) Social responsibility, profit maximisation and the small firm owner-manager. *Journal of Small Business and Enterprise Development*, 8 (2), 126-139.
- Spence, L.J. and Rutherford, R. (2003) Small business and empirical perspectives in business ethics: Editorial. *Journal of Business Ethics*, 47 (1), 1-5.
- Spence, L.J. and Schmidpeter, R. (2003) SMEs, social capital and the common good. *Journal of Business Ethics*, 45 (1), 93-108.
- Spence, L.J., Schmidpeter, R. and Habisch, A. (2003) Assessing social capital: Small and medium sized enterprises in Germany and the UK. *Journal of Business Ethics*, 47 (1), 17-29.
- Steurer, R. (2009) The role of governments in corporate social responsibility: characterising public policies on CSR in Europe. *Policy Sciences*, 43 (1), 49-72.
- Steurer, R., Martinuzzi, A. and Margula, S. (2012) Public policies on CSR in Europe: Themes, instruments, and regional differences. *Corporate Social Responsibility and Environmental Management*, 19 (4), 206-227.
- Storey, D.J. (1994) *Understanding the small business sector*. London ; New York: Routledge.
- Swanson, D.L. (1995) Addressing a theoretical problem by reorienting the corporate social performance model. *The Academy of Management Review*, 20 (1), 43-64.
- Sweeney, L. (2007) Corporate social responsibility in Ireland: barriers and opportunities experienced by SMEs when undertaking CSR. *Corporate Governance*, 7 (4), 516-523.
- Syed, J. and Özbilgin, M. (2009) A relational framework for international transfer of diversity management practices. *The International Journal of Human Resource Management*, 20 (12), 2435-2453.
- Symon, G. and Cassell, C. (2012) *Qualitative organizational research : core methods and current challenges*. London: Sage Publications.
- Tajfel, H.E. (1978) *Differentiation between social groups: Studies in the social psychology of intergroup relations*. London ; New York: Published in

- cooperation with European Association of Experimental Social Psychology by Academic Press.
- Tatli, A. (2011) A Multi-layered Exploration of the Diversity Management Field: Diversity Discourses, Practices and Practitioners in the UK. *British Journal of Management*, 22 (2), 238-253.
- Tatli, A. (2012) On the power and poverty of critical (self) reflection in critical management studies: a comment on Ford, Harding and Learmonth. *British Journal of Management*, 23 (1), 22-30.
- Tatli, A., Vassilopoulou, J., Ozbilgin, M., Forson, C. And Slutskaya, N. (2014) 'A Bourdieuan relational perspective for entrepreneurship research'. *Journal of Small Business Management*, 5 (4), 594-614.
- Thomas, D.R. (2006) A general inductive approach for analyzing qualitative evaluation data. *American journal of evaluation*, 27 (2), 237-246.
- Thompson, J.K. and Smith, H.L. (1991) Social responsibility and small business: Suggestions for research. *Journal of Small Business Management*, 29 (1), 30-44.
- Tilley, F. (2000) Small firm environmental ethics: how deep do they go? *Business Ethics: A European Review*, 9 (1), 31-41.
- Trevino, L.K. (1986) Ethical decision making in organizations: A person-situation interactionist model. *Academy of management review*, 11 (3), 601-617.
- Tsai, W. and Ghoshal, S. (1998) Social capital and value creation: The role of intrafirm networks. *Academy of Management Journal*, 41 (4), 464-476.
- Tsai, W.H. and Chou, W.C. (2009) Selecting management systems for sustainable development in SMEs: A novel hybrid model based on DEMATEL, ANP, and ZOGP. *Expert Systems with Applications*, 36 (2), 1444-1458.
- Undp (2008) *Egypt's Social Contract: The Role of Civil Society*. Cairo: United Nations Development Program (Undp) Institute of National Planning.
- Undp (2010) *Youth in Egypt: Building our Future*. Egypt: United Nations Development Programme (Undp) Institute of National Planning.
- Utting, P. and United Nations Research Institute for Social, D. (2005) *Rethinking business regulation : from self-regulation to social control*. United Nations Research Institute for Social Development. Available from: <http://www.loc.gov/catdir/toc/fy0604/2005481490.html>.
- Uzzi, B. (1996) The sources and consequences of embeddedness for the economic performance of organizations: The network effect. *American sociological review*, 61 (4), 674-698.
- Visser, W. (2006) Revisiting Carroll's CSR pyramid. *Corporate citizenship in developing countries: new partnership perspectives*, 29.
- Visser, W. (2008) Corporate social responsibility in developing countries. *The Oxford handbook of corporate social responsibility*, 473-479.
- Visser, W., Middleton, C. and McIntosh, M. (2005) Corporate citizenship in Africa. *The Journal of Corporate Citizenship*, 18, 18-20.

- Visser, W. and Tolhurst, N. (2010) *The world guide to CSR: A country-by-country analysis of corporate sustainability and responsibility*. Sheffield Greenleaf Publishing.
- Vives, A. (2006) Social and environmental responsibility in small and medium enterprises in Latin America. *Journal of Corporate Citizenship*, 21 (1), 39-50.
- Vogel, D. (1992) THE GLOBALIZATION OF BUSINESS ETHICS-WHY AMERICA REMAINS DISTINCTIVE. *California Management Review*, 35 (1), 30-49.
- Vrasidas, C. (2000) Constructivism versus objectivism: Implications for interaction, course design, and evaluation in distance education. *International journal of educational telecommunications*, 6 (4), 339-362.
- Vyakarnam, S., Bailey, A., Myers, A. and Burnett, D. (1997) Towards an understanding of ethical behaviour in small firms. *Journal of Business Ethics*, 16 (15), 1625-1636.
- Waddock, S. (2004) Parallel universes: Companies, academics, and the progress of corporate citizenship. *Business and Society Review*, 109 (1), 5-42.
- Wahba, H. (2008) Exploring the moderating effect of financial performance on the relationship between corporate environmental responsibility and institutional investors: some Egyptian evidence. *Corporate Social Responsibility and Environmental Management*, 15 (6), 361-371.
- Walker, G., Kogut, B. and Shan, W. (1997) Social capital, structural holes and the formation of an industry network. *Organization Science*, 8 (2), 109-125.
- Wartick, S.L. and Cochran, P.L. (1985) The evolution of the corporate social performance model. *Academy of management review*, 10 (4), 758-769.
- Watzlawick, P. (1984) *The Invented reality : how do we know what we believe we know? : contributions to constructivism*, 1st ed. New York: Norton.
- Wbcsd (2000) *Corporate social responsibility:making good business sense*. Geneva.
- Weaver, G.R., Trevino, L.K. and Cochran, P.L. (1999) Integrated and decoupled corporate social performance: Management commitments, external pressures, and corporate ethics practices. *Academy of Management Journal*, 539-552.
- Welford, R. (2005) Corporate Social Responsibility in Europe, North America and Asia. *Journal of Corporate Citizenship*, 17 (1), 33-52.
- Weltzien Hoivik, H. and Melé, D. (2009) Can an SME Become a Global Corporate Citizen? Evidence from a Case Study. *Journal of Business Ethics*, 88 (3), 551-563.
- Wennekers, S. and Thurik, R. (1999) Linking entrepreneurship and economic growth. *Small Business Economics*, 13 (1), 27-56.
- Weyzig, F. (2006) Local and Global Dimensions of Corporate Social Responsibility in Mexico. *Journal of Corporate Citizenship*, (24), 69-81.
- Wickham, P.A. (2004) *Strategic Entrepreneurship*. (Vol 3) London: FT Prentice Hall.

- Williams, G. and Zinkin, J. (2010) Islam and CSR: A study of the compatibility between the tenets of Islam and the UN Global Compact. *Journal of Business Ethics*, 91 (4), 519-533.
- Willis, J., Jost, M. and Nilakanta, R. (2007) *Foundations of qualitative research : interpretive and critical approaches*. Thousand Oaks, Calif. ; London: Sage Publications.
- Windsor, D. (2001) The future of corporate social responsibility. *International Journal of Organizational Analysis*, 9 (3), 225-256.
- Windsor, D. (2006) Corporate social responsibility: three key approaches. *Journal of Management Studies*, 43 (1), 93-114.
- Windsor, D. (2013) Corporate social responsibility and irresponsibility: A positive theory approach. *Journal of Business Research*, 66 (10), 1937-1944.
- Wolcott, H.F. (1994) *Transforming qualitative data: Description, analysis, and interpretation*. Thousand Oaks: Sage Publications.
- Wood, D.J. (1991) Corporate social performance revisited. *Academy of management review*, 691-718.
- Wood, D.J. and Jones, R.E. (1995) Stakeholder mismatching: A theoretical problem in empirical research on corporate social performance. *International Journal of Organizational Analysis*, 3 (3), 229-267.
- Woolcock, M. (2002) Social capital in theory and practice: where do we stand. *Social capital and economic development: Well-being in developing countries*, 27 (2), 18-39.
- Woolcock, M. and Narayan, D. (2000) Social capital: Implications for development theory, research, and policy. *The world bank research observer*, 15 (2), 225-249.
- World Bank (2001) *Egypt : Social and Structural Review*. Washington, DC. Available from: <https://openknowledge.worldbank.org/handle/10986/15535>.
- Worthington, I., Ram, M. and Jones, T. (2006) Exploring corporate social responsibility in the UK Asian small business community. *Journal of Business Ethics*, 67 (2), 201-217.
- Yeung, H.W. (2006) Change and continuity in Southeast Asian ethnic Chinese business. *Asia Pacific Journal of Management*, 23 (3), 229-254.
- Yin, J. and Zhang, Y. (2012) Institutional dynamics and corporate social responsibility (CSR) in an emerging country context: Evidence from China. *Journal of Business Ethics*, 111 (2), 301-316.
- Yin, R.K. (2009) *Case study research : design and methods*, 4th. ed. Los Angeles, [Calif.] ; London: SAGE.
- Young, M.N., Peng, M.W., Ahlstrom, D., Bruton, G.D. and Jiang, Y. (2008) Corporate governance in emerging economies: A review of the principal-principal perspective. *Journal of Management Studies*, 45 (1), 196-220.
- Young, R. (2004) Dilemmas and advances in corporate social responsibility in Brazil. The work of the Ethos Institute. *Natural Resources Forum*, 28, 291-301.

- Zappalà, G. (2003) *Corporate Citizenship and the Role of Government: The Public Policy Case*. Australia: Information and Research Services, Department of the Parliamentary Library.
- Zenisek, T.J. (1979) Corporate social responsibility: A conceptualization based on organizational literature. *The Academy of Management Review*, 4 (3), 359-368.
- Zinkin, J. (2007) Islam and CSR: a study of the compatibility between the tenets of Islam, the UN Global Compact and the development of social, human and natural capital. *Corporate Social Responsibility and Environmental Management*, 14 (4), 206-218.