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Corporate social responsibility in Egypt: Towards creating shared value

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CORPORATE SOCIAL RESPONSBILITY IN EGYPT:
TOWARDS CREATING SHARED VALUE

A Thesis Submitted to the

Public Policy and Administration Department

in partial fulfillment of the requirements for the degree of

Master of Public Administration

By

Alya Ibrahim Hegazy

Spring 2018

Acknowledgments

First of all, I would like to thank my thesis supervisor Dr. Ghada Barsoum for her constant support, guidance and encouragement throughout the entire thesis writing process, and for believing in my abilities as a researcher.

I would also like to thank my committee members Dr. Hamid Ali and Dr. Shahjahan Bhuiyan for agreeing to become part of the thesis evaluation committee. I would like to add a special thank you for Dr. Shahjahan for his continuous support throughout all my years as a graduate student.

I am thankful to have been taught by amazing professors, from whom I have gained so much academic and practical knowledge; Dr. Ghada Barsoum, Dr. Shahjahan Bhuiyan, Dr. Hamid Ali, Dr. Chief Corporate Affairs Officer Abdel Halim, Dr. Artan Karini, Dr. Allison Hodgkins and Dr. Mona Amer.

I dedicate this thesis to my family. To both of my parents, my idols and biggest supporters; I could not have done this without their unconditional love and motivation. Everything I am or have done I owe to them. They are my source of inspiration.
To my father, Ibrahim Hegazy, thank you for always guiding me, being there for me when I needed you and always helping me become the best version of myself. To my mother, Jasmine Zaky, thank you for being my role model, for always inspiring me to chase my dreams, and always having my back.

To my grandmother, Latifa Fahmy, thank you for being my teacher and mentor, and for your endless love and support. To my sister, Kenzy, thank you for always being my source of joy and laughter.

Lastly, I would like to thank my best friends; Shams, Areeje, Farah, Nadia, Monica, Salma, Laila, Alia and Farida who have continuously supported me and helped me when I was feeling down, thank you for everything.

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CORPORATE SOCIAL RESPONSIBILITY IN EGYPT:
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Alya Ibrahim Hegazy

Supervised by Dr. Ghada Barsoum

ABSTRACT

This study assesses if the practice of corporate social responsibility (CSR) in Egypt has moved beyond the understanding of charity and towards a model of creating shared value (CSV). This study is an important contribution given the growing interest in CSR in Egypt and the limited contextualized research on the topic. The conceptual framework used to guide this research is based on the "Creating Shared Value" model developed by Porter and Kramer. The research methodology is built on semi-structured in depth interviews with thirteen leading CSR practitioners and experts in Egypt. The study findings revealed valuable insights on the current understanding and practice of CSR and CSV in Egypt. Study results highlight that the understanding of CSR has evolved, at least amongst most of the study sample, from the traditional perception linked to charity, donation and societal obligation into a more comprehensive construction that promotes greater integration of a company's responsibility towards their workforce, society and environment and incorporation of sustainability principles and models. More specifically, the idea of creating shared value is in fact gaining prominence within the private sector in Egypt. There are, however, still elements of the traditional model of CSR to be found as evidenced through the volunteering and donation-based activities as well as the philanthropic programs. Interestingly enough, philanthropy is taking a more strategic, developmental and sustainable approach compared to before. This study also provides a great deal of insight on the challenges faced in the practice of CSR and offers some suggestions and policy recommendations to help advance the CSR and CSV understanding and practice in Egypt.

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1. Chapter One: Introduction

The global Corporate Social Responsibility (CSR) movement has been gradually shifting towards the idea of "Creating Shared Value". This research aims to analyze recent understandings and practices of CSR in Egypt in order to assess if this shift is currently taking place and if so, to what extent. The conceptual framework that will guide this research will be the "Creating Shared Value" model by Porter and Kramer (2011). A thorough review of some of the most relevant literature pertaining to this research area will be presented, followed by a discussion on the study methodology which relied on qualitative research through interviews with leading CSR practitioners and experts in Egypt. The emerging data from the interviews will then be presented and analyzed. Lastly, the study will conclude with a summary and recap of key findings and recommendations.

1.1 Background

With the increasing wave of globalization and the emergence and precedence of the United Nations Sustainable Development Goals 2030, there has been a growing emphasis on promoting the role of the private sector in advancing the development agenda. As such, global society has been witnessing a growing trend in redefining the meaning of CSR and emphasizing its importance.

CSR has varying definitions and practices in the literature. There is still is no universally accepted description of the term, but generally, CSR addresses the relationship between corporations and society (Jamali, 2007). CSR has become a global phenomenon that emphasizes the social contract between corporations and the larger society in which they operate in.

There is a variety of literature that highlights the significance and importance of CSR. According to Gjolberg (2009, p.10), CSR has now become a universal concept that is "endorsed and actively promoted by key global institutions such as the World Bank, the OECD, and the UN". CSR has become an "inescapable priority for business leaders in every country" (Porter, 2006, p.78) and increasingly important to maintaining business success (Visser, 2010).

1.2   The Global Evolution of CSR

CSR, as we have come to know in the past, focuses on how corporations engage with and give back to society. CSR first emerged in the 1950s among US companies as a way to respond to and engage with the rising criticism against some of their unethical and irresponsible business practices (Newell and Frynas, 2007). Corporate attention to CSR came forced from the public at large, as businesses were seen to have negative effects on the society and environment due to their conduct of unethical business and labor practices (Porter and Kramer, 2006). With rising social pressures demanding from companies to be more responsible towards their stakeholders, society and the environment, and held accountable for their actions, the term corporate social responsibility started to emerge. While some opponents argued that "the social responsibility of business is to increase its profits" (Friedman, 1970), businesses were slowly recognizing the need to respond to these external pressures, seeing how they could threaten their corporate reputation.

During the 1950's, the main focus was on "business responsibilities to society and doing good works for society" (Carroll and Shabana, 2010, p. 87). The most common corporate response had been philanthropic contributions or "cosmetic public relations and media

campaigns…. that showcase the companies' social and environmental good deeds" (Porter, 2006, p.81). CSR gained more attention and continued to expand in the 1960's, largely stimulated by the increasing number of social movements during these times (Jamali, 2007). At a time of "changing social consciousness and recognition of overall responsibility" (Carroll and Shabana, 2010, p. 87), there was a growth of attempts to define what CSR actually meant and its importance to business and society. But as explained by Carroll and Shabana (2010), it was still "the continuing philanthropic era, in which there was a focus on charitable donations by businesses" (p. 87). This type of corporate conduct is considered as the conventional or traditional CSR model, which was the predominant approach to CSR in the past.

By the 1970s, various formal definitions of CSR were emerging, with a main focus on corporate social responsibility, responsiveness and performance, but also a clear emphasis on outcomes and results (Carroll and Shabana, 2010). In 1979, Carroll defined CSR as a construct "that encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at any given point in time" (p. 500). Later in 1991, this definition was restructured into a comprehensive model named the CSR pyramid, which became one of the most cited conceptualizations of CSR in literature.

The 1980s did not bring about many new CSR definitions as much as it witnessed the rise of alternative concepts and themes including corporate/business ethics, stakeholder theory/management, social responsiveness and public policy (Jamali, 2007; Carroll and Shabana, 2010), all of which were addressing business responsibility and obligations towards society. Additionally, research increased in an effort to justify CSR and connect it

with corporate financial performance (CFP), as proof for a stronger link to business economic performance was being demanded (Lee, 2008). This was the starting point for making the "business case" for CSR; "the arguments that provide rational justification for CSR initiatives from a primarily corporate economic/financial perspective" (Carroll and Shabana, 2010, p. 101) Essentially, the business case connects CSR to corporate financial performance. As such, it appears that the traditional approach to CSR, which focused mainly on philanthropy and charity, was slowly phasing out.

The traditional CSR model was slowly starting to gain criticism, as concepts of sustainable development began to emerge. The link between CSR and development was initially made in the 1980 Brutland Report published by the World Commission on Environment and Development, as it discussed the role of the private sector in sustainable development (UN, 1987). With the advent of globalization, sustainable development and the increased power, influence and impact of corporations, it became evident that corporations have the capacity to contribute to society in ways that go beyond just charitable donations and mere compliance to ethics and laws. International organizations started to embrace CSR, recognizing that the private sector can play an important role in attaining developmental goals related to poverty reduction, climate change and many more (Newell and Frynas, 2007). Particularly in developing countries, where governments are failing to fulfill some of the basic needs of the population, the role of the private sector in society became increasingly significant (UNDP, 2016).

In light of the changing global circumstances, various conceptualizations and definitions of CSR continued to emerge. In 1999, the World Business Council for

Sustainable Development (WBCSD) described CSR as, "the commitment of business to contribute to sustainable economic development, working with employees, their families, and the local communities" (Dahlsrud, 2008, p.7). The Commission of the European Communities refers to CSR 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" (Dahlsrud, 2008, p.7). Irrespective of how CSR was being defined, there was an overarching paradigm shift of the roles and responsibilities of business in society. The traditional approach to corporate social responsibility, which is predominantly based on and centered around philanthropy and charity, became no longer useful, because it has no real social impact (Barsoum and Refaat, 2015), and is neither sustainable nor sufficient (Zeitoun, 2014).

Over the past decades, the term CSR continued to develop and transform globally. "Strategic CSR" was coined by many experts and academics to highlight the ways in which businesses can produce both social and economic benefits by aligning business strategy with societal challenges (Jamali, 2007; Visser, 2010; Afrin, 2013; UNDP, 2016). Despite the continuous development of CSR, the outcomes were still unsatisfactory and disappointing. As rationalized by Visser (2010, p.1), "While at the micro level- in terms of specific CSR projects and practices- we can show many improvements, at the macro level almost every indicator of our social, environmental and ethical health is in decline", and as such he states that "CSR has failed". Zeitoun (2014) echoed Visser's statement, highlighting that "traditional CSR is dead". In light of rapidly changing circumstances in an increasingly globalized world with rising business power in society, many researchers,

academics and practitioners have been calling for an international shift towards developing a more integrated, comprehensive and holistic approach to CSR (Zeitoun, 2014; Visser, 2010; Baden, 2016).

According to Porter and Kramer (2006), in order to make CSR really work and make it strategic, we need to first stop pitting business and society against each other, as was done in the past, and instead, recognize their interdependence. The authors emphasized that "successful corporations need a healthy society. Education, healthcare, and equal opportunity are essential to a productive workforce… At the same time, a healthy society needs successful companies. "(p.83). Their argument is that to advance CSR, it has to be embedded in the company's strategy and operations; it has to be in the core of what they do, not the periphery (2006). In 2011, the authors suggested a move from the typical CSR approach to a model of "Creating Shared Value" (CSV), which they define as "policies and operating practices that enhance competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. It focuses on identifying and expanding the connections between societal and economic progress" (p. 6) so that both society and business can benefit. Interestingly enough, the authors argue that the principles of shared value are not only applied on corporates, but also equally to non-profits and government organizations (Porter and Kramer, 2011).

There is growing literature around this modern approach to business conduct and responsibility that emphasizes the creation of shared value. It is seen as a progressive model of responsible business conduct that creates meaningful and sustainable impact that benefits both the firm and society (Zeitoun, 2014). Shared value is attainable when

corporations engage in innovation, social entrepreneurship, inclusive business models, and developing Base-of-the-Pyramid market solutions that can solve pressing societal challenges (UNDP, 2016). The argument presented is that businesses can have a positive and sustainable social impact and still make profits, which essentially highlights the business case for CSR (Carroll and Shabana, 2010). The CSV model argues that a firm should consider the social challenges, in any given context, as opportunities, and that by addressing these social issues, they will reap significant economic benefits and strengthen their competitive edge (Awale and Rowlinson, 2014). Many case studies highlight how many international companies such as Google, IBM, GE, P&G, Novartis and local companies in different parts of the world, are slowly but successfully shifting towards this new approach of CSR and responsible business conduct in an attempt to help advance the societies they operate in while still making profits, validating the argument that this new approach to CSR is actually having more positive effects on both businesses and societies (Porter and Kramer, 2011; UNDP, 2016).

1.3   CSR in Egypt

The concept of CSR is relatively understudied in Egypt. Compared to other parts of the world, it is still developing and not necessarily well understood by the Egyptian society at large. With no clear and universal conceptualization of the term it is no wonder that we often find various discussions about CSR in Egypt (Barsoum & Refaat, 2015). Nonetheless, CSR has started to receive considerable attention in the Egyptian context since the 1990s, especially with the growing role of the private sector as the main driver of the country's economic growth and the shifting relationship between the government, the private sector, the public sector and civil society. This increased focus on CSR can also be attributed to

globalization and its effects on international business (UNDP, 2016). As more international companies enter new developing markets around the world, they are automatically influenced by the philosophy and business conduct of their mother firms. With the increased global attention on CSR and Egypt being a host of many international companies, the country is witnessing a growing interest in CSR and the role of business in society, particularly given that the government is unable to meet the increasing needs of the Egyptian society alone. CSR is no longer just a topic of conversation among corporates, but a very relevant issue for governments as well, as they have a very important role to play in advancing and improving the field of CSR.

1.4   Problem Statement

The concept and practice of CSR in Egypt has gained considerable attention by academics, practitioners, non-profit organizations and international organizations as well as policy makers. Despite the growing interest in CSR in Egypt, there is still a large literature gap in this topic in general. Empirical research on CSR in Egypt has not been keeping up with the increasing discussion on the topic in the past decade.

It has become increasingly important to address this literature gap in CSR in Egypt, particularly because there has also been increased discussion on the role of the private sector society and in achieving sustainable development (UNDP, 2016). Not only that, but it has become important to recognize and highlight the role of governments in advancing CSR. There is a growing body of global literature examining how CSR is evolving in different parts of the world; how companies are slowly adopting more sustainable models that ultimately create shared value in an effort to advance more positive business and social

impacts, and how governments are incorporating CSR in their agendas and improving the national environment for it to progress. But not enough research has been done to investigate how CSR is progressing in Egypt.

1.5   Research Objectives

Given this gap in literature and building on existing literature and analysis that has been done on CSR in Egypt, the purpose of this research is to provide a gap analysis to evaluate recent CSR understandings and practices in Egypt, and to assess to what extent CSR in Egypt has shifted from the traditional CSR model rooted in charity to a more comprehensive model of creating shared value, if at all.

This research is an important contribution for several reasons. First of all, it will provide a variety of insights for CSR practitioners, multi-national corporations, local businesses, policy makers, NGOs and academics on the current perception, practice and challenges of CSR in Egypt. In addition to that, it will shed light on the new model of "creating shared value" and why it is becoming increasingly important for all stakeholders, including corporates, government and non-profit organizations, to re-examine their thinking on CSR towards creating shared value. Furthermore, this research provides recommendations on how the government can create an enabling environment for CSR so that it maximizes collective benefit and creates better outcomes for both businesses and society. Accordingly, this research is a significant input to existing literature, as it will help fill the existing gap in CSR research in developing countries, particularly in Egypt. Finally, this research will hopefully stimulate further research in this topic.

1.6 Research Questions

The main research question of this study is:

To what extent has the CSR practice in Egypt moved beyond the understanding of charity and towards a model of creating shared value?

The sub-questions, which will help answer the main research question, will be:

1. What is the current definition and understanding of CSR?
2. How is the concept of CSV understood in Egypt?
3. How is CSR or CSV being applied?
4. What is the context of CSR in Egypt?
5. What is the role of government to advance CSR/CSV in Egypt?

In addressing these questions, the study will examine the current corporate perspective on CSR, how the private sector approaches CSR, the motives and corporate benefits of that engagement, the understanding of the "creating shared value" concept, how the private sector applies CSR/CSV, the general CSR context in Egypt and what is needed to improve the practice and support the movement beyond the traditional CSR model towards a "Creating Shared Value" model. By analyzing the findings of these questions, this research will assess to what extent the CSR practice in Egypt has moved beyond the traditional understanding and towards a "creating shared value" approach, if it all.

1.7 Study outline

The study consists of seven chapters; chapter one offered an introduction of the CSR concept, its evolution as well as the emergence of the CSV concept, background on CSR

in Egypt, problem statement, research objectives, research questions and sub-questions. Chapter two will provide the conceptual framework for this study. Chapter three presents an overview of the relevant literature related to CSR and the study questions. Chapter four draws the methodology applied for this study, including research design, sample selection, data collection and analysis, ethical considerations and limitations. Chapter five presents and analyzes the data collected through qualitative interviews conducted with thirteen CSR practitioners and experts in Egypt. This chapter analyzes the current CSR understanding and context in Egypt. Chapter six continues with the data analysis by examining the CSR challenges and the way forward in Egypt. Chapter seven concludes the study with a summary of the research and recap of the most important findings and recommendations.

2. Chapter Two: Conceptual Framework

The discussion on CSR is dynamic and continuously evolving. Literature reveals various conceptualizations and descriptions of the term, and there is still no universal consensus on what the term CSR really means (Prieto-Carron, Lund-Thomsen, Chan, Muro and Bhushan, 2006; Matten, 2008; Avina, 2013). With varying definitions, some have argued that almost anything with an environmental, ethical, social or philanthropic aspect "has been considered under the CSR umbrella" (Newell and Frynas, 2007, p.673). Accordingly, one can claim that this has made it somewhat challenging for companies to efficiently and effectively operationalize CSR, as it can mean different things to different individuals, organizations and governments, depending on the context that they are in.

Despite the varying approaches towards the study of CSR, a conceptual framework is needed to guide this study. This research aims at assessing whether CSR in Egypt is shifting from the traditional CSR model towards a "creating shared value" model. There is still limited research on CSV, but M. E. Porter and M. R. Kramer are considered the pioneers of CSV, being one of the first to have developed a comprehensive definition and model of CSV. As such, the main conceptual framework that is adopted for this study is the "Creating Shared Value" model developed by Porter and Kramer. Nonetheless, is it important to provide some background on the traditional CSR approach; what is meant by it and how the evolution of CSR led to the emergence of the a more progressive conceptualization such as CSV. Being one of the first and most cited models of CSR, Carroll's CSR Pyramid will be used to explain the traditional CSR approach. The following sections will present some background information on Carroll's CSR Pyramid, how it laid the foundations for traditional CSR, and will continue with a more detailed and elaborate

discussion on the main conceptual framework of this study, which is the "Creating Shared Value" model, supported by some global CSV examples.

2.1 Carroll: CSR Pyramid

Carroll's conceptualization of CSR (1991) is one of the most cited models of CSR that is commonly used in the literature to explain businesses responsibility towards society. Carroll (1991) contends that there are four types of CSR; economic, legal, ethical, philanthropic, all ranked in their order. He argued that the first corporate responsibility, which constitutes the base of his pyramid, is economic, in the sense that business's main function is to make profits, offer society goods and services in a profitable manner, providing a return on investment to shareholders and creating jobs. Next comes their legal responsibility, the second layer of the CSR pyramid, which explains the expectations of legal compliance of businesses, to abide by the laws and regulation enforced by the places they operate in (Carroll, 1991). After legal compliance comes the third type of responsibility which is the ethical responsibility. Carroll (1991, p.41) defines them as the "activities and practices that are expected or prohibited by societal members even though they are not codified into law......ethical responsibilities embody those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regards as fair, just, or in keeping with the respect or protection of stakeholders' moral rights", which goes beyond just legal and internal compliance. It inherently includes operating within the local society's moral and ethical framework and following a do-no-harm approach (Carroll, 1991). The fourth and final layer of the CSR pyramid is the philanthropic responsibility which highlights the expectations of businesses to be good corporate citizens, give back to community through donations, monetary or non-

monetary, or volunteering in projects that support humanitarian or social causes (Carroll, 1991).

Carroll's CSR Pyramid was one of the first globally accepted definitions of CSR that went beyond the economic and legal compliance to add ethical and philanthropic responsibilities of businesses, reflected in a do-no-harm, and do-good approach, respectively. This kind of thinking presented a primary shift in the role of businesses within societies, which ultimately gave birth to traditional CSR that typically explained corporate's contribution to society mainly in form of community engagement and philanthropy (Afrin, 2013). With the onset of globalization and the rise of corporate power in society, criticism of the traditional CSR model started to emerge. It became increasingly evident that businesses can have more positive contributions to society which go beyond community engagement and philanthropic and actually help solve the many social, economic and environmental problems in society (UNDP, 2016). Correspondingly, more progressive approaches to CSR were being demanded and devised.

One of the more modern approaches to CSR that has gained wide and global attention from both CSR academics and practitioners, is the concept of "creating shared value", which was first coined by Porter and Kramer in 2006 and then officially reintroduced in 2011. This emerging concept can be seen as a progression and expansion of CSR in a way that ultimately redefines how business should operate in any given society. This conceptualization will be guiding this research, as it will help address the research questions presented in chapter I. The "Creating Shared Value" model will be discussed in more detail below.

2.2 Porter and Kramer: Creating Shared Value (CSV)

In 2011, Porter and Kramer suggested a move beyond the traditional CSR approach to a "creating shared value" model in which both businesses and society benefit. The concept was actually first introduced in an article in 2006, in which they highlight the importance of CSR for business leaders, but criticize the effectiveness of prevailing approaches to CSR as they "obscure many of the greatest opportunities for companies to benefit society" (p.80). The authors argue that the traditional conception of CSR focuses on the tensions between business and society, and is too generic to offer real guidance on how companies can identify which social issues to address and how.

2.2.1 Defining CSV

The principle of "shared value" emphasizes the interlinkages and connectedness of business and society. Creating Shared Value is defined as "policies and operating practices that enhance competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. It focuses on identifying and expanding the connections between societal and economic progress" (Porter and Kramer, 2011, p.6) so that both society and business can benefit. The authors argue for the substantial potential of businesses to advance growth and development by integrating a social perspective into their core business strategy, which in turn strengthens the business competitive edge and translates into business success. Hence, both business objectives and social objectives are achieved simultaneously. Basically, a CSV model places strategic CSR at the core of the business model, not at the periphery, as was in the traditional approach. CSV can be seen as a progression and expansion of CSR; both are based on the

overlapping concept of "doing well by doing good" (Awale and Rowlinson, 2014, p. 1289), but Porter and Kramer argue that CSV model is a new and distinct conceptualization in itself. Given the novelty of this concept, it is still too early to confirm whether it is in fact a new conceptualization that is separate from CSR or a progression and expansion of CSR, nonetheless they are both linked to each other.

The authors argue that to make CSR work, it is necessary to first reexamine the relationship between business and society and recognize their interdependence. Companies need healthy, productive, and educated societies in order to be successful, as much as societies need thriving companies that are able to offer its citizens jobs and create wealth. This co-dependency denotes that both need to operate with a shared value principle, and companies must add a social dimension into the strategies and frameworks that direct their business.

2.2.2   How to Operate with a Shared Value principle

According to Porter and Kramer (2006), to apply the shared value principle into practice, companies need to add a social dimension into the strategies and frameworks that guide their business. The authors explain the concrete steps that companies must take to integrate a social element into their strategies. The five steps are demonstrated in the below figure, and a more detailed description of the steps, based on the authors, is given after.

Figure 1: How to Integrate a Social Element in Corporate Strategies
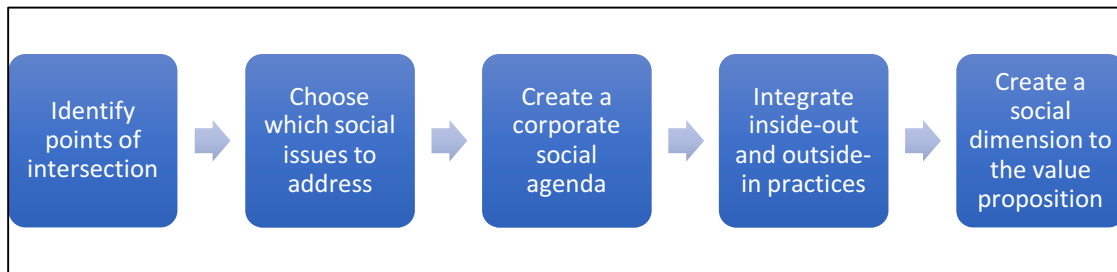
Compiled by Author, based on Porter and Kramer (2006)

1. Identify points of intersection

- There are two types of intersection: The first is *inside-out linkages,* which refer to the touchpoints between companies and society through their day-to-day operations, such as value chain operations. Secondly is the *outside-in linkages,* which refer to the external social conditions that affect a company, such as quantity and quality of business inputs, rules and incentives that regulate competition, size and sophistication of local demand, and local availability of supporting industries.

2. Choose which social issues to address

- This means selecting those issues that intersect with the business itself. Social issues can be categorized into 3 different types illustrated to the diagram below:

Figure 2: Prioritizing Social Issues

Prioritizing Social Issues		
Generic Social Issues	**Value Chain impacts**	**Social Dimensions of Competitive context**

Social issues that are not significantly affected by a company's operations nor materially affect its long-term competitiveness	Social issues that are significantly affected by a company's activities in the ordinary discourse of business	Social issues in the external environment that significantly affect the underlying drivers of a company's competitiveness in the locations where it operates

Source: Porter and Kramer, 2006, p.85

3. Create a corporate social agenda

- An explicit and affirmative corporate agenda that looks at opportunities to achieve social and economic benefits concurrently, one that applies strategic CSR allowing a move beyond corporate citizenship and mitigating harm, to making *inside-out and outside-in dimensions* alongside each other.

4. Integrating inside-out and outside-in practices

- Incorporating value chain practices and investments in competitive contexts makes CSR embedded in the day-to-day business of the company

5. Creating a social dimension to the value proposition

- Including a social dimension to the value proposition strengthens a company's competitive advantage and positioning.

2.2.3 How to Create Shared Value

Porter and Kramer (2011) explain the three ways in which companies can create shared value opportunities:
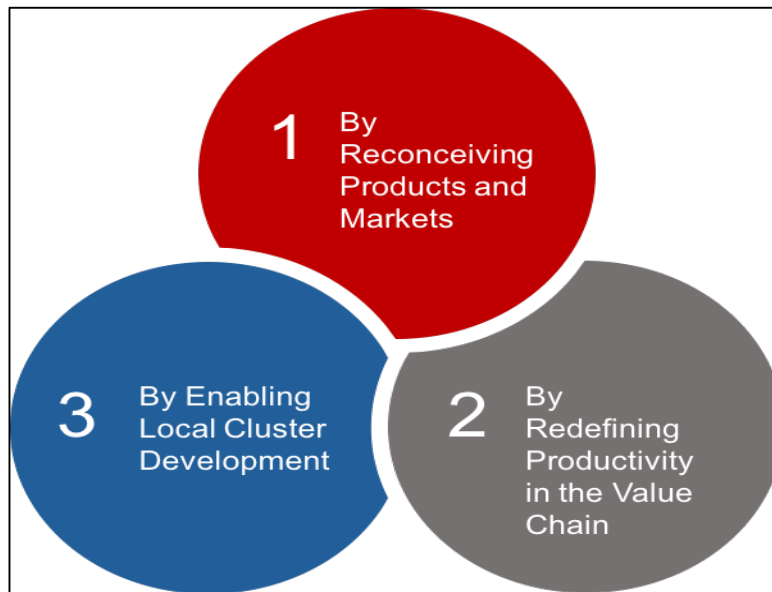
1. Reconceiving products and markets:

    a. Providing innovative products and services that address societal needs

    b. Providing products and services to nontraditional, underserved or unserved communities and people

2. Redefining productivity in the value chain:

    a. Modifying practices in the value chain to increase productivity and manage costs effectively, by utilizing energy, logistics, resources, suppliers, procurement, distribution and employees differently and more productively

3. Enabling local cluster development:

    a. Improving employee skills, local suppliers and other supporting institutions in the area in which it operates enhances productivity and growth

    b. Improving cluster sophistication in the sector

The CSV model presented a transformative shift in how businesses should consider their social responsibility and redefine the way they operate in any given society. The main idea is that social values and business values can be created simultaneously when companies look at social issues as business opportunities which in turn will add to their competitive edge. The below figure exhibits the CSV concept.

Figure 4: A Creating Shared Value Concept
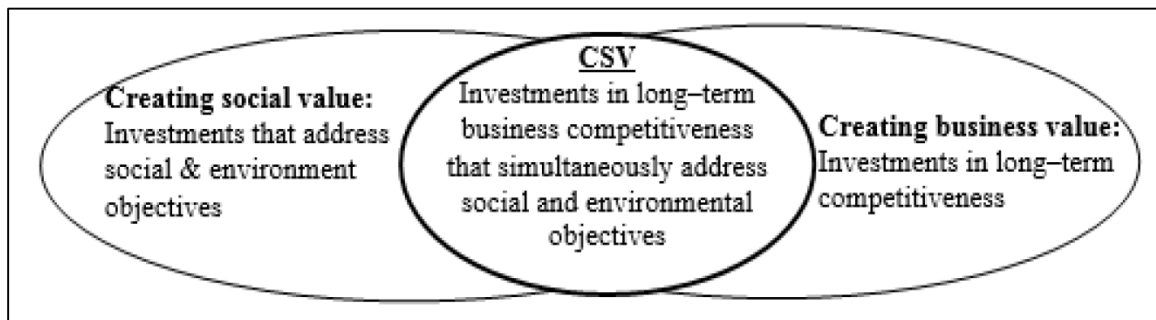
Source: Bockstette and Stamp 2011, p.4

2.3   Comparison between CSR and CSV

Although both CSR and CSV are rooted in the same concept of "doing good", there are some unique differences. CSR is typically an afterthought of how businesses operate, whereby the company manages their impact and environmental impact after their processes are in place. Rather than being an afterthought that is at the periphery of business operations, CSV places social and environmental issues at the center of business operations. CSR and CSV vary in value, motivation, management and other things. The below figure summarizes the differences between the two concepts.

Figure 5: Comparison between CSR and CSV

	CSR	**CSV**
Value	Doing good deeds	Societal and economic Benefits
Motivation	Reputation	Competitive advantage
Main Driver	External stakeholders	Company strategy and social issues
Approach	Reactive	Proactive
Placement within the Company	Periphery	Core
Connection to Business Operations	Not related	Related
Measurement	Spending, and hours donated	Social and economic value created
Management	CSR/Marketing/Public or Corporate Affairs	Across the firm

Compiled by Author, based on Porter and Kramer 2011; Lapina, Borkus, Starineca, 2012; Moore 2014

There are various examples and case studies from different countries and different business set-ups that illustrate how companies were able to achieve both social and economic benefits. The following section will present some of those case study examples.

2.4   Operationalization of CSV

Shared value is attainable when corporations harness their core competencies, engage in innovation, social entrepreneurship, inclusive business models, and developing "Base-of-the-Pyramid" market solutions that can solve pressing societal challenges (Porter and

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Kramer, 2011; Awale and Rowlinson 2014; UNDP, 2016). There are various examples and case studies that illustrate how companies were able to achieve significant social and economic benefits.

Porter and Kramer (2006, 2011) discuss how companies reconceive products and markets through innovations that create both social and business values. Some of the examples are Toyota's Prius, the first hybrid electric/gasoline vehicle, GE's Ecomagination products that focuses on enhancing resource productivity, reducing environmental impact and investing in cleaner technologies to provide commercial solutions to their consumers. The shared-value model has allowed several companies to create equal or larger opportunities by serving underprivileged communities and developing countries by doing business with "The Bottom of the Pyramid" (BOP). The term "Bottom of the Pyramid" refers to the world's poor; 4 billion people who live on less than $2 a day (Prahland, 2005). The notion is that businesses have significant opportunities to create social impact and gain business advantages by producing goods and services that satisfy the needs of this untapped market, which will ultimately help reduce poverty and allow businesses to make profits. Clearly, the BOP echoes the win-win approach of CSR (Newell & Frynas, 2007). Scholars such as Michelini (2012) highlight successful innovations targeted for communities in developing countries, including products such as PuR, which was developed by P&G with the aim to purify water at the household level and Interceptor, an insecticide-treated mosquito net developed by BASF that aims to reduce insect-borne diseases such as Malaria. Companies, such as Vodafone, have reconceived markets in Kenya by allowing those with a mobile phone, but no bank account, to send and receive money and make bill payments (Smith, 2016). This study also highlights the successful example of Novartis that

used the shared-value concept when establishing "Arogya Parivar", a business unit devoted to delivering important medicines to India's remote areas.

As explained earlier, another way of creating shared value comes by redefining productivity in the value chain. Marks and Spencer was able to improve its productivity by empowering their local suppliers to focus on the well-being of their employees (Smith, 2016). Wal-Mart's efforts in reducing its packaging and rerouting their trucks more efficiently lowered their carbon emissions and saved them almost $200 million in costs, while Dow Chemical and Coca-Cola's reduction in water consumption saved them both millions (Porter and Kramer, 2011).

The third way of achieving shared value is by encouraging cluster development. Nestle presents one of the most famous examples through its inclusive business model of working with small farmers to improve quality and yield through direct sourcing, education and training. Avina (2013) discussed how several companies in Arab countries are engaging in strategic CSR by tackling deficiencies in the context conditions surrounding their clusters. To address the issue of unemployment, companies such as Microsoft, Intel and Cisco have been working on technology-related entrepreneurship and youth employability programs to help improve the business environment and contribute to economic empowerment and societal improvement.

As demonstrated in the examples above, the best opportunities to create shared value "will be closely related to a company's particular business, and in areas most important to the business" (Porter and Kramer, 2011, p.15). Those are the areas with most of the company's resources and market presence that will allow it to have a meaningful impact

on the social issue it chooses. This is where a company benefits the most economically, and therefore it can maintain its long-term commitment.

In summary, this chapter offered some background on the traditional CSR approach, which is mainly rooted in Carroll's CSR Pyramid. A detailed explanation on the main conceptual framework used for this study, which is the "Creating Shared Value" model by Porter and Kramer, was also presented. The next chapter will cover the study's literature review.

3. Chapter Three: Literature Review

The aim of this chapter is to provide a critical review of the literature around some of the most relevant themes and debates around CSR, and more specifically those related to this study. For the literature review to be most useful, it needs to be strategic and focused so that it can give context to the research being done, help answer the research questions developed, and demonstrate the significance of the research being conducted by addressing the existing knowledge gap. In that connection, the next sections will closely examine the different themes and developments in the discussion around CSR that are most relevant to this study, starting with the debate around the role of CSR in development, the flaws of the traditional approach to CSR and the significance of creating shared value . In doing that, the analysis presented in this chapter will also cover some of the central discussions in CSR, such as the role of governments in CSR practice and a contextualized review of CSR in Egypt.

3.1 CSR and Development

Due to the rising global ills and challenges, the onset of globalization, as well as the increased power of corporations, expectations of companies' social contributions and responsibilities have increased significantly over the past few decades. Especially with the emergence of concepts such as sustainable development in the late 1980s, it became evident that corporations need to support society in ways beyond charitable donations and philanthropy and contribute in more sustainable manners that advance the development agenda. The link between CSR and development was first made in the Brundtland report published by the World Commission on Environment and Development as it discussed the

role of the private sector in sustainable development. For the first time, sustainable development was defined as "development that meets the needs of the current generations without compromising the ability of future generations to meet their own needs" (WCED, 1987). Starting the 1990's, international organizations such as the World Bank and the United Nations began assessing social responsibility from a global perspective and started to support the CSR concept in an effort to promote the role of the private sector in development (Prieto et al, 2006; Newell and Frynas, 2007) recognizing that the only way to achieve sustainable development is by integrating and cooperating with global economic agents. As stated by Kofi Annan, the former UN Secretary-General, 'And more and more we are realizing that it is only by mobilizing the corporate sector that we can make significant progress. The corporate sector has the finances, the technology and the management to make this happen' (quoted by Moon, 2007, p. 296).

The CSR conversation has evolved over the years and slowly shifted toward its potential capacity to contribute to the development framework (Idemudia, 2008). Previously, businesses were seen to have negative impacts on society, now they are seen as an integral part of the solution in the development equation. Despite the fact that CSR and development have been increasingly linked with each other, both are still highly complex and contested concepts (Moon, 2007). There is still no concrete understanding of the CSR-development relationship (Idemudia, 2008). Nonetheless, there has been "an emergence of a critical CSR-development research agenda aimed at highlighting the potentials and limitations of CSR efforts geared towards development" (Idemudia, 2008, p.91). The below sections will discuss some of the arguments made by both proponents and opponents of the CSR-development relationship.

3.1.1 The Identified Benefits of CSR-Development:

One of the main arguments made to support the contribution of CSR in development is to support government to face challenges and lack of capabilities in solving some of the societal and economic problems (Moon, 2007). Not only have societies shifted "from government to business enterprises as sources of social improvement and a means to promote specific items of social welfare" (Idemudia, 2008, p. 92), but some argue that governments themselves are often seeking for assistance in their governing tasks (Moon, 2007). Businesses, through their CSR, can not only support governments, but also global multilateral organizations. UNDP (2016) has documented several cases where multinational corporations were able to fund and supply greater amounts of capital to social development issues than leading multilateral aid organizations.

Another rationalization offered by Prieto-Carron et al. (2006) of the CSR-development relationship is that businesses can contribute to solving world poverty "through the promotion of free markets and the incorporation of small and medium-sized entreprises (SMEs) in global supply chains, with help from large companies in upgrading their product design, production and marketing" (p. 980). This goes in line with Prahalad's concept of eradicating poverty by "doing business with poor", whether as partners in the supply chain or as consumers (2005). In addition to businesses contribution to poverty reduction, there are many case studies that validate how CSR initiatives can help strengthen labour rights, fight against child labour or reduce environmental pollution (Prieto-Carron et al., 2006).

Other researchers, such as Blowfield (2005), are a bit doubtful of the CSR-development linkages. He argues that it is still not clear the extent to which CSR can contribute to

development, or if it should. Nonetheless, one positive impact that cannot be dismissed is that "CSR has got people talking about worker rights, global governance, sustainable enterprise and all manner of topics that have relevance to the well-being of the poor and marginalized" (Blowfield, 2005, p. 515). Blowfield (2005, p.520) questions whether individual companies can have an impact on development per say, and argues that maybe the biggest contribution is "in the influence of business thinking related notions of managerial efficiency on how we view and construct the world".

3.1.2 Arguments against CSR-Development

There are quite a few who mirror Blowfield's skepticism toward the CSR-development debate. There is a general consensus that there is still very limited understanding of CSR-development relationships (Blowfield, 2005, Idemudia, 2008). Idemudia (2008) attributes this to three reasons: the difficulty and absence of consensual descriptions of the concepts of "CSR" and "development", the overemphasis on the corporate responsibility to the disadvantage of mutual responsibility and the importance of local context, and inadequate analytical focus in the research agenda. Nevertheless, many have claimed that there are obvious limitations of CSR in the light of international development. Barkemeyer's (2009) case studies' analysis of some of the CSR best practice examples showed that the CSR agenda is predominantly shaped by Northern countries and as such it is considered "inadequate in light of Southern development needs" (Barkmeyer, 2009, p. 285). Newell and Frynas (2007) argue that empirically based studies have revealed some challenges faced by businesses when they attempt to operate as social development actors, which underlines their inability to serve as agents in poverty reduction. "CSR, after all, was never conceived as a tool to tackle poverty" (Newell and Frynas, 2007, p.678). The authors

differentiate between CSR as a business tool and CSR as a development tool and explain that the best business contribution towards poverty reduction is through "business-as-usual" investments, payment of taxes, and creation of jobs and employment. They conclude by stating that "It is clearly unrealistic to expect businesses in a globalized capitalist economy to operate as if poverty alleviation were their main objective" (Newell and Frynas, 2007, p.678-679).

While Newell and Frynas' reasons for doubting the CSR-development relationship are valid, we should neither exaggerate the social expectation of business nor underestimate the role of CSR. The CSR-development discourse is not implying for businesses "to operate with the main objective of poverty reduction", but to recognize their enormous power and responsibility, be attuned to the needs and challenges of the wider society and factor social issues into business decisions. "Being an entity within something larger, obliges to adapt to the environment, adjust itself to the changing circumstances and be accountable for one's own impact on others" (Marrewijk, 2003, p. 99). As such, regardless of how it emerged in the past, CSR as a concept needs to continuously adjust to the new and rapidly changing contexts. Irrespective of the different sides in the CSR-development debate, the reality is that the traditional approach to CSR that is based on corporate philanthropy and charity is no longer enough.

3.2   Criticism of Traditional CSR

The traditional approach to CSR, that mainly focuses on "doing good" through corporate philanthropy and charity, has been widely criticized in the literature. It has been argued that traditional CSR is no longer working and is not enough because it is ineffective,

unsustainable and does not actually fulfill its purpose of contributing real social impact. According to the literature found, this can be attributed to three main reasons, which are all interlinked with each other; lack of clarity of the concept, lack of top management commitment, institutionalization and sustainability, and lack of value in the CSR activities being implemented.

3.2.1 Lack of clarity of the CSR concept

Several academics have argued that one of the main problems with CSR is the fact that due to the evolving nature of the concept, there is a significant variety of conceptualizations and definitions and no universal consensus of the term that guides companies and business leaders on how to operationalize and apply CSR.

In 2006, Dahlsrud offered an analysis of 37 CSR definitions that exist in the literature. While the author himself implies that this figure underestimates the actual true number of definitions that exist, but it highlights the range and abundance of definitions offered in the literature, often times too broad and vague. According to Newell and Frynas (2007, p.673), broad definitions such as that of the EU commission stating that "CSR is a concept where by companies integrate social and environmental concerns in their business operations and in their interactions with stakeholders on a voluntary basis" puts almost anything and everything under the CSR umbrella. Another one of the most cited definitions is that of the World Business Council for Sustainable Development (2000) describing CSR as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large". Such definitions clearly underline the

importance of the relationship between business, society and development and the significance of the CSR phenomenon, but one can argue that they do not offer clear guidance for businesses on what exactly to do with this phenomenon and how to address it. Marrewijk (2003, p.96) also highlights this challenge in his article referring to several researchers who share the same belief that CSR is "too broad in its scope to be relevant to organizations" and that "there is no solid and well-developed consensus".

The absence of an overarching and universally accepted definition of CSR has been criticized by many (WBCSD, 2000; Marrewijk, 2003; Jamali and Mirshak, 2007). There have been numerous failed attempts to formulate a universal and applicable definition of CSR that would provide a basis for action (Newell and Frynas, 2007). The problem is that CSR is context specific; it differs among cultural and national settings which ultimately affect how CSR can be understood and applied (Marrewijk, 2003, Jamali and Mirshak, 2007; Darrag and E-Bassiouny, 2013). This may help in explaining why there are variations of descriptions and conceptualizations of CSR to date. On the other hand, the lack of a well-defined CSR definition has often left corporations and business managers confused with what the term entails, how to address it, to whom exactly it should cater to and more importantly how to effectively and efficiently operationalize and apply it on the ground (Darrag and E-Bassiouny, 2013). With limited understanding of the term, it is no surprise to find the argument that the traditional approach to CSR is also lacking management commitment and institutionalization.

3.2.2 Lack of Management Commitment, Institutionalization and Sustainability

According to Visser (2010), lack of top management commitment is one of main reasons

for the failure of the traditional CSR model. If management does not really recognize the significance of CSR, it remains as a peripheral function within the corporation and it does not get the proper commitment it needs to ensure its success. Even with the evolving debates around CSR and its significance, "CSR sits in a public relations, marketing, corporate affairs or human resources department. It is an "add-on" explicitly used to improve brand equity or the company's reputation" (Visser, 2010, p.10). In their research conducted in Egypt, Barsoum and Refaat (2015) found that there was a lack of ownership and commitment toward the success of the CSR interventions and activities being conducted. As pointed out by Jamali (2007), "Sustained commitment is necessary to tackle serious issues and problems. The lack of institutionalization also calls into question the sustainability of such CSR interventions" (p.17). Sustainability problems were also discussed by Barsoum and Refaat (2015). Their findings revealed that projects are mainly implemented on a small scale, with no plan and vision in mind, and when they start they often never carry through. Afrin (2013) explains that the lack of a clear strategic framework for CSR is due its placement in the periphery of business operations and disconnection from the overall organization' business strategy. With no clear strategic framework for its CSR activities, companies end up engaging in sporadic and fragmented CSR initiatives that have no significant social or business impact. Ultimately, CSR activities stemming from the traditional model end up defeating their own purpose, as they lack any meaningful value to society.

3.2.3   Lack of value in the CSR activities being conducted

With no solid management commitment and institutionalization, CSR activities are being designed in a sporadic manner, at a very small scale and therefore offer have no significant

impact on the society. Porter and Kramer (2006) explain how businesses continue to engage with CSR in form of uncoordinated, philanthropic initiatives and use those as a marketing and PR tool to showcase the companies' social and environmental consciousness in "cosmetic" CSR reports and media campaigns. They criticize corporate discussion on CSR by highlighting that "Philanthropic initiatives are typically described in terms of dollars or volunteer hours spent but almost never in terms of impact" (Porter and Kramer, 2006, p.81). Other researchers have also made similar claims about the meaningless CSR activities being done. Jamali and Mirshak (2007, p.260) reported that CSR in the Lebanese context, stemming from the traditional approach in form of charity and corporate philanthropy, were often "amateurish" and "sketchy". Through their research, Barsoum and Refaat (2015) found that CSR activities are poorly planned and often times even irrelevant to the actual needs of the community.

As such, the end results demonstrate that "despite more CSR than ever before, and despite laudable incremental improvements in CSR performance at the micro-level, virtually every macro-level indicator we have of social, environmental or ethical quality-be it the gap between rich or poor, deforestation, biodiversity loss, or corruption- shows that things are still getting worse" (Visser, 2010, P.11). This is a powerful statement supporting the argument that CSR, as we have known it, no longer works and has failed (Zeitoun, 2014).

Resulting from the unsatisfactory and disappointing outcomes of the traditional CSR model, there has been an international shift towards a more integrated and holistic approach to CSR, often referred to as "the new generation of CSR" or "strategic CSR", that is able to offer win-win situations and achieve real impact for both businesses and society at large

(Visser, 2010; Zeitoun, 2014; UNDP 2016). The idea of seeking win-win outcomes and strategic CSR was first discussed as the business case for CSR started to emerge. The pioneers of this topic were Archie Carroll and Karim Shabana (2010). In their article "The Business Case for Corporate Social Responsibility: A review of Concepts, Research and Practice", the authors discussed how CSR is important for businesses and how they could benefit from engaging in CSR. By linking CSR to bottom-line company financial performance, they paved the way for strategic CSR, where CSR is directly linked to the company's strategy.

Porter and Kramer (2006) claim that strategic CSR occurs when companies add a social element to their value proposition, thereby making social impact a core element of their overall strategy. In order for strategic CSR to effectively take place, businesses need to redefine how they think and operate. According to Porter and Kramer (2011), businesses need to adopt a "Creating Shared Value" model.

3.3 Significance of the "Creating Shared Value" Model

As discussed in the previous chapter, "creating shared value" is defined as "policies and operating practices that enhance competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. It focuses on identifying and expanding the connections between societal and economic progress" (Porter and Kramer, 2011, p. 6) so that both society and business can benefit. The principle of "shared value" emphasizes the interlinkages and connectedness of business and society. The CSV model pushes companies to look at the social issues in their context as business opportunities and integrate a social dimension into their core business

strategies. As such, a CSV model makes CSR strategic and at the core of the company's business model, not at the periphery, as was the case in the traditional CSR approach. With the CSV model, both businesses and society benefit.

Many have advocated for strategic CSR and this new conceptualization of creating shared value. Afrin (2013) argued that strategic CSR offers a win-win situation and is better fitted to support sustainable development than traditional CSR. Visser (2014) discussed how this new approach to CSR focuses on addressing the root causes of societal challenges through innovative business models. It is evident that a new understanding of CSR has emerge; one that stresses on how businesses make their money not what they do with it once they made it (Williams, 2014). Cleary, this shift in CSR thinking has redefined how businesses should operate, their role in societies and the potential positive impact they can have (UNDP, 2016). There seems to be an overall consensus that in order for CSR to really work, it needs to be strategic. And for strategic CSR to take place, businesses should follow the principle of creating shared value by linking societal challenges to their business strategy.

The CSV concept and model presented a transformative shift in how businesses should consider their social responsibility and redefine the way they operate in any given society. As such, implementation of CSV will require a new way of thinking and broader understanding of the purpose of business in the new age and the context in which it operates (Williams, 2014). It requires advanced competencies, knowledge and skill-set, as well as a new type of leadership and management (Awale and Rowilnson, 2014). To advance this new way of thinking and support its implementation, concerted effort and cross-sector collaboration between different the partners, including the private, public and NGO sector

is necessary in order to capitalize on all existing resources and create successful synergies (Jamali and Mirshak, 2007). All parties play a crucial role in the equation, and as such, "the principles of shared value apply equally to governments and non-profit organizations" (Porter and Kramer, 2011, p.12). Governments, in particular, are key, as they set the legal conditions and framework that help foster an environment in which CSV is either enabled or impeded.

3.4   Role of Governments

While the focus is mainly on the private sector, governments also need to adopt a shared-value approach. Governments set the legal conditions and framework that guide business practices. As part of their legal responsibilities, businesses are expected to comply by these legal obligations. Creating shared value is only possible if there is an enabling business environment and active collaboration and coordination between all stakeholders involved, including the government itself (Porter & Kramer, 2011). In fact, it is often seen as the government's responsibility to provide that enabling environment for the private sector in order to realize their greatest potential (UNDP, 2016).

Shared value requires a mindset shift on the part of governments to learn how to regulate and operate in ways that enable creation of shared value. According to Porter and Kramer (2011, p.14), "The right kind of government regulation can encourage companies to pursue shared value; the wrong kind works against it and even makes trade-offs between economic and social goals inevitable". The authors argue that government should create more supportive regulatory environments that actively encourage shared value investments that are aligned with their development agendas (Porter and Kramer, 2011). Failure to do so

will lead to missed opportunities to capitalize on the resources and capacity of the private sector in order to create meaningful social impact.

Due to the recent emergence of the CSV concept, there is still very limited literature on the role of government in CSV, but one may claim that some of the arguments that apply on the role of government in CSR should also apply on CSV, since strategic CSR is at the heart of the CSV model. A review of the literature around the role of government in CSR revealed a mixture of opinions and debates relating to the degree of government involvement and type of CSR regulation.

According to the World Bank and the United Nations, there are four main roles for government in CSR. Those are: endorsing, facilitating, partnering, and mandating, ordered according to their level from soft to hard roles (Ho, 2013). Endorsing CSR means that governments raise awareness, lead by example and disseminate CSR information. As facilitators, governments set standards, voluntary guidelines and certification systems, engage key players in the CSR agenda, incentivize companies to engage in CSR, provide targeted CSR trainings and government-coordinated services to assist companies in CSR reporting. Through partnering governments engage in public-private-partnerships and collaborate with companies on specific projects and engage in "state-mediated dialogue around CSR involving companies and other stakeholders" (Ho, 2013, p. 386). Lastly, governments can adopt a mandating role by enforcing CSR laws and regulations, this also includes obligatory sustainability reports and setting standards for codes of conduct.

Some scholars advocate for an active role of government in CSR, applying hard laws such as mandating/regulating. Williams (2014) sees that government regulations are one of the important tools to advance CSR and that more is needed to increase CSR participation. He highlights how other academics go even beyond that and believe that some voluntary CSR standards must become compulsory (Williams, 2014). In fact, literature revealed that some governments, such as the Indian, have moved "towards a new conceptualization of CSR as a form of co-regulation that includes elements of both voluntary and mandatory regulation" (Gatti, Vishwanath, Seele, Cottier, 2017, p.1).

However, critics of the mandatory approach to CSR believe that hard government regulations "interfere with corporate freedom and undermine efficiency" and that good corporate behavior can never come forced but only through voluntary self-regulation (Idemudia, 2008, p. 93). It is worth mentioning that the mandatory approach to CSR is still relatively new, and that the predominant approach towards CSR is rooted in its voluntary principle. Nonetheless, more and more scholars such as Thirarungrueang (2013) see the value of laws in improving participation in CSR and ensuring corporate compliance. As such, Thirarungrueang (2013) believes the best alternative to promote social responsible behavior by companies is through a combination of both voluntary and mandatory regulation.

When applying these discussions in the CSV context, it is still too early to argue for a mandatory approach towards CSV. CSV is still in its early phases of conceptualization and is still lacking various research. At this point, it is important to recall what Porter and Kramer have stated, that "the principles of shared value apply equally to governments and

non-profit organizations" (Porter and Kramer, 2011, p.12). Consequently, one may argue that the role of government might in fact be more important in CSV than in CSR. CSV creates a shared sense of value and responsibility on all actors including companies, governments, and civil society. All parties need to play a role in addressing social and economic challenges, and accordingly all parties need to adopt a shared value approach and thinking. And as suggested by Barkemeyern (2009), governments should play a more proactive role in creating a "better fit between CSR agendas and the actual development needs" (p.273).

Lastly, another important argument made by UNDP is the need for governments to re-assess the way they define corporate social impact (2016) and move beyond the traditional mind-set of defining social responsibility in terms of donating to social causes as it was previously. Just as governments provide tax breaks to big companies who donate to social causes or engage in traditional CSR, governments need to reward and incentivize companies with a responsible and inclusive mandate or business model, and encourage all types of investment by businesses that address social challenges (UNDP, 2016).

3.5 CSR in The Egyptian Context

When examining the national environment in Egypt and the government's role in CSR, literature revealed that it is insufficient and narrow (Alshorbagy, 2016). Alshorbagy (2016) explains how the Egyptian government has made attempts to institutionalize CSR to safeguard its progression, but these efforts were inadequate. The author highlights some positive developments in the CSR context in Egypt, including the launch of the UN Global Compact Local Network in 2004 by UNDP and Mansour Group, which aimed at

supporting the development of a responsible business ecosystem by focusing on human rights, labor rights, environmental protection and anti-corruption. In 2008, the Egyptian Corporate Responsibility Center was established as a joint initiative between UNDP, the Egyptian Ministry of Investment and the Egyptian Institute of Directors to help promote socially conscious and sustainable business practices, such as inclusive business models and gender equality, and enhance corporate and national capacity to develop, apply and monitor sustainable CSR strategies. While the ECRC has done some considerable work in partnership with several private sector companies and local institutions, as of 2017 the ECRC is no longer active, which begs the question on the government's commitment to CSR as a national priority. As such, Alshorbagy (2016, p.20) criticizes the government's limited role in endorsing CSR and underlines that "Although Egypt's government has been a partner to initiatives and seems keen on it promotion, the government adopts no clear strategy in doing this". While the UN Global Compact Local Network has gained prominence with more than 100 active participating members, it still remains a small fraction of the significant number of companies in the Egyptian private sector (Alshorbagy, 2016), which indicates the lack of incentives for the private sector to voluntarily embrace CSR. This in turn highlights the Egyptian governments ineffectiveness not only on endorsing but also in mandating CSR.

Darrag and Crowther (2017) also echo Alshorbagy's criticism on the insufficient national CSR framework lacking policies and instruments to support its regulation. The authors also emphasize the various discourses around CSR in Egypt, leaving it with multiple and unclear understandings. Several researchers highlight how CSR in Egypt, and in many Muslim countries, is often attached to philanthropy and charity, which can be

mainly attributed to the traditional, religious and cultural values that have long prioritized and encouraged social responsibility (Darrag & Crowther, 2017; Barsoum & Refaat, 2015; Darrag & E-Bassiouny, 2013). Other scholars have noted a growing trend "towards a more impactful approach" (Avina, 2013, p.82). Avina (2013) draws attention to several corporates that have been attempting to develop more long term and strategic CSR programs, particularly after the Arab Spring. He also highlights how companies have been slowly directing their CSR activities towards a more developmental approach and focusing more on partnerships to increase impact. On the other hand, Barsoum and Refaat (2015) painted a slightly more negative image of CSR in Egypt. Their research findings demonstrated that most CSR activities are ad hoc, superficial and primarily done for marketing objectives. As such, the projects are not impactful and do not address the real needs and challenges of the communities, and are rather focused on getting some PR coverage. The authors also highlight the lacking CSR management, vision and objectives as well as sustainability of the projects being conducted.

Despite contrasting views, there appears to be consensus that the concept and practice of CSR in Egypt has gained considerable attention by academics, practitioners, non-profit organizations and international organizations. Nonetheless, there is still a large literature gap in this topic, as empirical research on CSR in Egypt has not been keeping up with the increasing discussion on the topic in the past decade. Accordingly, this research will be a great contribution to literature as it will offer contemporary views and analysis of recent CSR practices in Egypt.

4. Chapter Four: Research Design and Methodology

This study is based on qualitative research methodology. This type of methodology is particularly useful for "research that delves into complexities and process" and "research on little-known phenomena or innovative systems" (Marshall, 2011, p. 53). As previously mentioned, there is still very limited research on CSR in Egypt, and therefore employing qualitative methods will allow us to get a better understanding on the current CSR perspectives in the Egyptian context. More specifically, this research is going to be explanatory in nature. Explanatory research builds on both exploratory and descriptive research and it answers the "how" and "why" questions of things (Punch, 2006). Accordingly, in-depth interviews are most suitable for this type of research. Semi-structured in depth interviews were conducted with leading CSR practitioners in Egypt. One-on-one discussions with interviewees are the best way to get a full account on the current CSR practices in Egypt. The following sections will thoroughly go over the process of selecting the sample and provide a description of the sample, the data collection and analysis, ethical considerations as well as the study limitations.

4.1 Sample Selection

To determine the sample of this research, a purposive sampling methodology was used, which is often employed in descriptive exploratory and explanatory research (Neuman, 2006). As explained by Neuman (2006), purposive sampling allows researchers to pick interviewees or cases "with a specific purpose in mind". Seeing how this study aims at assessing if there is a shift in CSR thinking in Egypt, only those companies and CSR experts that have already been engaging in CSR activities were identified as relevant. Those that are not engaging in CSR activities were not relevant for the purpose of this

study. Once the appropriate companies were identified, the pertinent people in-charge of the companies' CSR activities were contacted for an interview.

The sample consists of thirteen interviewees representing a diverse population sample therefore ensuring validity. For triangulation purposes, the sample included experts, public institutions and more importantly multinational corporations from different origins and with different governance structures. This makes it more probable to see and understand all aspects of the topic being researched (Neuman, 2006). The sample is divided as follows:

- Nine Multinational Corporations (MNCs), two of which are Egyptian, but all together they represent more than ten different industries. All companies are leading CSR practitioners in Egypt, except for one company that has only started doing its CSR locally in Egypt only since 2013.
- One Egyptian Private Sector Company, which has been gaining adequate attention recently due to its CSR activities. It is worth mentioning however that this company was acquired by a large company in Europe.
- One of Egypt's leading public institution that just recently added a CSR angle to its operations. This has been added to the sample to highlight the growing interest in CSR in Egypt and examine why there is increased focus on CSR and how the conversation around it is being framed
- Two CSR experts who have a great deal of knowledge and expertise in CSR in Egypt through the nature of their work with private sector companies

All eleven practitioners are the ones responsible for their institution's CSR mandate. Most

of them are at a managerial level, expect for one who is a senior officer and another executive position. Although the original plan was to include a relevant government official in the sample and several attempts were made to interview a government official, but it was much more challenging than expected to meet with a government representative and due to time limitations, the sample designed for that purpose had to be discarded.

4.2 Data Collection and Analysis

For the interviews, open-ended questions were prepared before-hand to help guide the discussion but also give interviewees the chance to explain their perspective on CSR and their experiences thus far, thereby making room for new data or information to be shared that may not have been tackled through the questions. Still, each interview was unique as different probing questions emerged during the interview process depending on the direction of the conversation. The interview typically began with a general question asking interviewees about their perspective on CSR, in order to get a preliminary understanding as a researcher of the direction of the interview. The discussion processed with a question about CSV to gauge interviewee understanding of the term, and if they were familiar with it at all. Afterwards, there were company-specific questions related to their current CSR/CSV programs and initiatives, the evolution of CSR within the company, the companies previous and current CSR-related strategies, how CSR activities are being designed, evaluated, and measured (if at all), and to what extent CSR is acknowledged and integrated within the company as a whole. Lastly, there were questions related to CSR in Egypt as a whole; their evaluation and perception of the private sector and government engagement and application of CSR, the challenges faced in the practice and their recommendations for the future.

The process of data analysis and interpretation began with an overall scan for common statements, words and behavior which enabled the identification of underlying patterns, themes and categories. As such, the analysis and interpretation links these categories and themes together and presents the data in a way that answers the original research questions.

4.3   Ethical Considerations

All interviewees were informed about the purpose of the interview and the overall research being conducted. They were asked to sign a consent form agreeing to voluntarily participate in the interview, in which it was also clearly stated that their answers will remain anonymous and no private or corporate information will be disclosed in the research analysis. Most interviewees did not feel comfortable having the interview taped or voice-recorded. Accordingly, interviews were transcribed during the meeting. Questions were asked in English and most of the answers were also given in English. In cases where respondents provided their answers in Arabic, the data was transcribed in Franco-English as is and then translated into English later on.

To honor the confidentiality agreement with the interviewees, a special format was developed to keep their names and the organizations they work for unknown. Accordingly, this is how the interviewees are quoted in this research: (Title in the organization, Type of Organization - Organization number x, Month, Year). for example (General Manager and Director of Marketing and Communications, MNC 1, February, 2018), or (CSR Advisor, Public Institution 1, February, 2018) or (Senior IC and CSR Officer, Egyptian Private Sector Company 1, March, 2018). The two CSR experts are quoted as (CSR expert 1,

March, 2018) and (CSR expert 2, March, 2018).

To ensure adherence to ethical research methods, the research methodology was reviewed and approved by the International Review Board (IRB) and the study protocol was reviewed by the thesis advisor and committee members.

4.4 Limitations

The process of data collection was quite challenging. Due to time limitations and difficulties in coordinating schedules, only thirteen interviewees were successfully completed. In light of a limited sample, this study should not and cannot be used to generalize the behavior of the overall private sector in Egypt and it should be taken into consideration that each company has its own way of engaging with CSR.

It is important to also keep in mind that even those interviewees who were included may reveal their authentic attitude towards CSR, fearing that certain information they share might portray a negative image of the company. Some answers might be glossed or sugarcoated in an effort to make the company look better than how it really is.

Another limitation is the fact that no government officials or NGO representatives were included in the study, although they are both important stakeholders. The sample is mainly limited to business community and CSR experts in Egypt, given that the focus of this research is to assess the current perception and approach of CSR practitioners and experts.

5. Chapter Five: CSR Definitions and Context in Egypt

As detailed in chapter one, the research reported here aimed at assessing to what extent the CSR practice in Egypt has moved beyond the understanding of charity and towards creating shared value. To address this question, semi-structured in-depth interviews were conducted with leading CSR practitioners and experts in the field. The interviews provided rich data which are strongly linked to the literature reviewed earlier. They also provided numerous new insights on the current understanding and practice of CSR and CSV in Egypt. The findings are presented and analyzed in the following two chapters. Chapter five will go over the CSR definitions and context in Egypt, and chapter six will examine the CSR challenges and the way forward in Egypt as discussed during the interviews. The analysis will explain what these results mean, how they relate to the literature and previous studies, but more importantly, how the results help answer the original research question of the study. In short, this following two chapters offer a contextualized review of CSR and CSV in Egypt.

5.1   Definition and Understanding of CSR and CSV

Study findings have demonstrated that a wide range of interpretations of CSR is evident among the different community members in Egypt, ranging from very broad definitions, closely related to charitable or moral perceptions, to more advanced understandings of CSR based on sustainability principles and focusing on stronger alignment between corporate and societal benefit. Some interviewees offered very general explanations of CSR as "the responsibility of the company to give back to society" (Chief Corporate Affairs Officer, MNC 2, February, 2018), which carries very little meaning and implication and still

explains CSR simply in terms of corporate contribution to society. Another participant mirrored similar ideas explaining CSR as the idea of entities supporting and contributing to society with needed resources. This participant highlighted that "CSR is how an entity gives back to society with its resources, it's like becoming a charitable person, but in terms of an institution" (CSR Advisor, Public Institution 1, February, 2018). This depiction confines CSR to charity, donation and philanthropy, which moderately confirms previous literature reviewed in chapter three highlighting how CSR in Egypt is often attached to philanthropic and charitable perceptions.

Another respondent gave a moral rationalization of CSR highlighting the importance of social contribution and social responsibility.

"CSR is simply about doing good; for your employees, for your consumers, for the people you work with and the communities you operate in, for your environment. We've always been a socially responsible company, we always believed in the importance of social contribution long before the word CSR emerged globally, it has always been in our DNA because it's the decent and right thing to do" (Group CSR and Sustainability Director, MNC 8, March, 2018).

This statement emphasizes how some companies perceive CSR as a moral obligation to do good by the company's stakeholders, and that it has been practiced in Egypt long before the term gained global prominence.

Despite such traditional descriptions from some, most interviewees, however, offered more sophisticated and progressive definitions of CSR. While each participant gave a unique and different response, the majority linked current CSR perception to modern themes and concepts such as sustainability, responsible or sustainable business, public advocacy, development, social impact and even creating shared value. One interviewee

highlighted how

"CSR is about focusing on sustainability pillars. It's about the integration of triple-bottom-line: social, environmental and economic, using our technology and resources in creating sustainable products, solutions and services" (Sustainable Business Senior Manager and Foundation Secretary General, MNC 7, March, 2018).

This respondent linked the concept of social responsibility to notions of sustainable business practices, both internal and external, that take into account social, environmental and economic aspects, and create sustainable offerings to society.

Another respondent mirrored similar sustainability notions but also added another aspect to the current conceptualization and practice of CSR. "It's not just about becoming a sustainable institution, but we need to lobby for a more industry wide movement" (General Manager and Director of Marketing and Communications, MNC 1, February, 2018). According to this participant, the conception of CSR goes beyond merely internalizing sustainable and responsible business conduct, but has evolved to also encompass public advocacy and promoting wider industry transformation.

Such statements demonstrate that the business community is slowly embracing a broader and more comprehensive perspective to CSR. As such, it appears that the understanding of CSR has mostly evolved, at least amongst the study sample, from being a charitable perception and societal obligation into a more comprehensive system that promotes greater integration of a company's responsibility towards their workforce, society and environment and incorporation of sustainability principles and models.

Not only have many interviewees spoken about sustainable business and the integration of a triple-bottom-line approach to balance economic, social and environmental

imperatives, but several have explicitly touched on the concept of "creating shared value".

"Recently, our CSR has evolved into a more advanced concept of creating shared value, which focuses on blending the creation of social value with economic growth" (Senior Internal Communications and CSR Officer, Egyptian Private Sector Company 1, March, 2018). This account mirrors Porter and Kramer's understanding of "Creating Shared Value" whereby business and society benefit simultaneously. Several other interviewees spoke about CSV.

"CSV is our way of ensuring long-term and positive impact for society while also creating sustainable economic value. It has been the guiding principle for the past 10 years. It's become part of the of the company DNA" (CSV Executive, MNC 6, February, 2018)

These statements highlight that the idea of creating shared value is gaining prominence within the private sector in Egypt. These statements also validate how CSV has been adopted by some global multinational companies a long time ago, although not necessarily applied in the Egyptian context for that long, whereas Egyptian companies are still starting to embrace the concept. Nonetheless, there seems to be shift towards this new and progressive understanding of the role and responsibility of business in society that transcends the traditional perception of CSR which was based on charity, donation and doing good deeds.

"CSR has gone obsolete. CSV is the name of the game in the coming period. It's not about doing social good anymore, it's beyond that. A big part of it is marrying your corporate objectives with governmental and developmental objectives when putting your own CSR strategy, and linking your initiatives to your core competencies and operations, basically linking them to your company business model" (Head of Brand PR and Communications, MNC 3, February, 2018)

This participant underlined an important aspect of CSV, which is also highlighted in the

model developed by Porter and Kramer, and that is the requirement for such initiatives to be linked to the core business operations and strategies guiding the company. Not only that, but this statement also highlights the necessity of connecting such activities to national development priorities and government objectives.

While these explanations mirrored Porter and Kramer's reasoning of CSV in many ways, the study results offered alternative arguments as well. In their CSV model, Porter and Kramer focus only on the economic and monetary value that businesses will gain. However, several respondents debated that value doesn't have to be monetary. Respondents listed some of the important aspects that can be linked to value such as competitiveness, market growth, net worth but it can also be reputation, brand identity and perception. According to one of the interviewees from the finance and banking sector,

"Whenever you create value to someone, it will be prone to create value to another stakeholder. When you create value, value migrates. Our environmental awareness initiative eventually sparked a cultural change in society, and this is valuable enough for me as company to have contributed to that. And actually, my positioning as a responsible and environmentally friendly brand eventually created other business opportunities for me. (General Manager and Director of Marketing and Communications, MNC 1, February, 2018).

While the company's environmental awareness campaign had a limited direct return on investment to the company, it did have positive social outcomes, and that alone was highly appreciated and valued by the company. Value can be very subjective, it can mean different things to different people or even different companies and still be equally important. Not only has the environmental awareness campaign created positive social outcomes, it indirectly helped create other business opportunities for the company. It begs to say that value is not necessarily directly created following certain practices and actions. Even when

there seems to be no direct economic benefit from certain initiatives, if meaningful impact and value to society is being creating, ultimately companies will reap certain benefits from such smart and sustainable investments promoting positive change within larger society.

Several interviewees shared the belief that shared value implies that we think about value and impact in terms of the ecosystem as a whole and that people are slowly realizing that what is good for the ecosystem is good for everybody in the ecosystem. Such forward-thinking ideas and interpretations of shared value are very significant, as they highlight that the business community in Egypt is shifting away from the narrow and traditional perception of CSR towards a broader understanding of CSR and CSV. Study results demonstrated that there are trends moving towards CSV, but despite such positive developments, there's still a long way to go.

"You need to upgrade and develop so many aspects, doing that is expensive and takes time. There is a move but we still have a long way to go. This might be a bit too advanced for us a society right now, but sustainability is bringing us a step close to CSV. If you really think about it and use it as a guiding culture and do it wholeheartedly, it becomes very similar to CSV" (CSR Expert 2, March, 2018)

CSV is a complex process that requires a great deal of investment, quality upgrade, effort and time. The above statement highlights that there are members of the Egyptian business community who have started embracing the concept and started to focus on it, but for the larger society the term CSV might be a bit too difficult to fully understand and realize. It will still require more time and developments to truly appreciate the conceptualization of CSV and grasp what it really means. It appears, however, that sustainability principles and models are increasingly being acknowledged and applied, which is a significant development in the Egyptian context. The statement above highlights how sustainability

can be seen as a building block to help advance further development of CSV thinking and approaches.

5.2   Evolution and Current Application of CSR and CSV

The study findings revealed that each company has its own way of approaching and applying its CSR and/or CSV programs. This is partially due to the wide range of interpretations of CSR among the different community members in Egypt, as evidenced in the previous section of this chapter. The range of interpretations available is closely related to the fact that CSR has evolved differently in each company, and each company is at different stages in the CSR evolution cycle.

CSR as a term emerged in the early 2000's in Egypt, however, as the interviews revealed, different companies started their CSR journeys at different times. Many of the interviewed companies started between 2001-2003, some in 2008 and others started in 2013. Irrespective of the timings, the majority of the respondents reported that their first entry point into CSR was through philanthropy that was mainly focused on donations and charity. Large multinationals in Egypt were among the early adopters of CSR. 3 out of the 9 MNCs interviewed embraced the concept by setting up their own separate foundations between 2001 and 2004. The foundations typically focused on community development and supporting key development challenges in Egypt such as education, health, employment, and youth amongst others. According to the respondents between 2005 and 2006, a transformative shift took place that brought about a new way of thinking of CSR, a more progressive understanding of how businesses should perceive their responsibilities towards society.

The age of sustainability and responsible business, which marked the 2nd stage of CSR, started between 2005 and 2006.

"In 2005, we realized that no matter how much we give back to society it also depends on how we do our own business, not how we spend our money. We need to ensure that we are a responsible business and ensure that our operations and practices are socially and environmentally friendly" (General Manager and Director of Marketing and Communications, MNC 1, February, 2018)

As explained here, it appears that the global focus and shift towards sustainability started gaining attention in Egypt in 2005. It made companies and their management reevaluate how they do their business, how they conduct their operations and the extent of which they are really contributing to positive social change and creating impact. This shift often resulted in more holistic strategies being developed. As one participant explained

"In 2006, we started our sustainability journey and created a new strategy that focuses on performing and creating long –term sustainable growth while leaving a positive imprint on society and immediate communities. In 2016, this evolved further into a full-fledged sustainability strategy focusing on people, profit and planet based on the 2030 UNSDGs" (Head of Brand PR and Communications, MNC 3, February, 2018).

It was clear that between 2005 and 2006 several multinational companies started aligning their strategies with global sustainability objectives operating in a way that protects and advances the company, the society and the environment. Numerous interviewees spoke about important issues that were being brought on the corporate agenda as a result of this shift such as human rights, discrimination, transparency, good governance, gender issues and women empowerment, employee development and training, energy efficiency, environmental footprint, paper consumption, water. Many interviewees talked about how their membership in the UN Global Compact helped them identify and address such important issues. In that connection, sustainability reporting was a topic of conversation in

many of the interviews. A sustainability report is an organizational report published by the company in which they discuss the economic, environmental and social impacts on society as a result of their daily operations and activities, as well as other issues such as organizational risks, values and governance model. It essentially communicates the organizations commitment and strategy towards sustainable development to its internal and external stakeholders. In relation to sustainability reporting, several interviewees talked about other frameworks and global measurements standards that they've adopted such as the Equator Principles, London Benchmarking group and GRI reporting Standards. The discussions revealed the extent of which sustainability reporting has received a great deal of attention amongst the Egyptian private sector.

While the majority of the sample talked about the sustainability stage, only a few talked about a third stage in the CSR evolution beyond sustainability. Interestingly enough, the third stage was called different things by different companies, but they essentially had similar meanings. One respondent referred to it as "the stage of industry transformation and public advocacy." (General Manager and Director of Marketing and Communications, MNC 1, February, 2018), in which the company went beyond embracing sustainability internally within their core operations, but also lobbying for an industry wide movement by promoting sustainability principles within their cluster, which resembles Porter and Kramer's CSV model through local cluster development. Another respondent spoke about their third CSR transformation as the stage of sustainable business.

"We switched from sustainability to sustainable business, whereby we focus on sustainability pillars (environment, social and economic) and use our technology and resources in creating sustainable products, solutions and services in our key priority areas" (Sustainable Business Senior Manager and Foundation Secretary General, MNC 7, March,

2018).

Similar to the previous example, this company went beyond just neutralizing companies social, environmental and economic impact of their operations, but using sustainability-based concepts to create better products, services and solutions. A third participant explicitly highlighted how their CSR function recently transformed into creating shared value. "In 2016, we revamped the direction of our CSR, and now we are really trying to focus on creating shared value by blending the creation of social value with economic growth" (Senior IC and CSR Officer, Egyptian Private Sector Company 1, March, 2018). This conceptualization of CSV reflects Porter and Kramer's understanding of CSV as activities that enhance the company's growth, while simultaneously advancing the economic and social conditions in the communities in which it operates.

With different companies being at different stages in the CSR evolution process and carrying different understandings, we find that each has its own way of approaching and implementing CSR and /or CSV. In that sense, the study findings highlighted the coexistence of CSR and CSV in the Egyptian context. The below sections will explain how CSR and CSV are being implemented across the different companies.

5.2.1   CSR and CSV implementation approaches

Several companies have split up their CSR activities into two arms; an internal CSR arm inside the organization, typically under Marketing, PR or Corporate Affairs, with the exception of one company out of the 10 MNCs setting up a dedicated sustainable business, and a CSR external arm that is set up and functions as a foundation.

The internal arm performs a variety of functions. They promote conventional CSR such

as volunteering, donations and employee community engagement. At the same time, they carry the sustainability mandate to ensure that all company operations are complying with sustainability principles. This includes, but is not limited to, adopting international business guidelines, practices and frameworks and sustainability reporting mechanisms, and reducing company environmental impact through efficient use of water, energy, and other resources and materials. Interestingly enough, this internal arm is also responsible for coming up with innovative and sustainable initiatives, products and services for the company. For example; MNC 1, a leader in the finance and banking sector, developed a financial platform to promote sustainable finance in Egypt and MENA Region. The platform seeks the transformation of the financial industry through capacity building, advocacy and promoting the creation of sustainable financial products and services. MNC 7, a leader in the telecommunications industry, created a mobile application to support the visually impaired community in their critical daily challenges.

The above-mentioned programs highlighted the apparent coexistence of traditional CSR and CSV activities in the Egyptian context. On one hand, there are still elements of the traditional model of CSR to be found as evidenced through the volunteering and donation-based activities. On the other hand, companies are applying sustainability principles to save costs and increase productivity while also reducing their environmental impact. Accordingly, they are benefiting both business and society simultaneously. In addition to that, the two examples presented above inherently follow Porter and Kramer's methodology of creating shared value. MNC 7 creates shared value by reconceiving products and markets, by designing a unique product that serves a typically underserved target audience totaling more than 4 million in population size. And MNC 1 focuses on

local cluster development by promoting sustainable finance and strengthening the capacities and knowledge of the current and future potential workforce in the finance and banking sector.

Moving on to discuss the external CSR arm of these companies, their sister foundations typically focus on supporting key national development objectives such as improving health and education. The foundations are completely separate from the corporations in term of governance model, management and operations. While this research cannot adequately evaluate the work being done by these foundations, and neither was it the intention of this research to do so, nonetheless, the interviews highlighted important notions worth discussing in the context of creating shared value. It appears from the outside that these foundations are frequently engaging in more strategic and sustainable philanthropy that focuses on the quality of social environment in Egypt, often times around the locations in which their sister companies are operating. Porter and Kramer (2002, p.2) explain this as the "competitive context". As one study participant argues,

"There's a good reason for strategic philanthropy, we still need it because there is a huge need in our country. The government needs help and companies also need to contribute directly to key development issues to improve the conditions in which they operate in" (CSR Expert 2, March, 2018).

It appears that there are a variety of developmental challenges facing the Egyptian society and the government does not have the capacity or ability to solve them alone. As such the role of the private sector in development is crucial. By focusing on strategic philanthropy and investing in the creation of a healthy, educated and inclusive society, these foundations are supporting government objectives and enhancing the conditions of the larger ecosystem. As such, they are operating, even if unconsciously, with a shared value

principle in an effort to create both social benefits and, indirectly, industry benefits as well. One may argue that the foundations' work is often guided by the principle of creating shared and sustainable value. This is relatively new and important contribution to the literature on CSR in Egypt and in developed countries, which previously highlighted the ineffectiveness and inefficiency of philanthropy, and not enough on the cases where philanthropy works. As such, these examples have proven that the creation of shared value can exist in tandem with and through philanthropy, an argument that Porter and Kramer seem to discredit when they wrote their first CSV related article in 2006. While the authors had argued earlier for the potential significant impact of strategic philanthropy on company success (2002), their own conceptualization of CSV was born later out of the belief that corporate philanthropy is no longer effective, based on the ills and failures of philanthropy in westernized contexts that continued to unveil through the early 2000s. Their argument that corporations have more significant impact on social conditions than charitable foundations cannot and should not be generally applicable across different contexts. In that sense, findings of this study also support Blowfield's (2005) and Idemudia's (2008) claims that CSR is context specific; it's not a one size fits all approach and what works for one place doesn't necessary work in another and vice versa. It is valid to say that both corporations and foundations have a significant impact on social development in Egypt; and study findings have shown to some extent that both institutional actors can operate with a shared value approach. Emphasizing the potential of one institution to create shared value does not mean that we undermine the ability of the other.

Nevertheless, the majority of the study interviewees did not have separate foundations conducting their external CSR and community development programs. Most companies

hosted the entire CSR/CSV function internally mainly under the Marketing and Communications, but also often under dedicated units; be it CSR and Sustainability, Philanthropies, Creating Shared Value or a combined department name of Internal Communications and CSR. As with the other group of companies with their foundations, these entities practice traditional CSR such as volunteering, donations and employee community engagement, while also executing their sustainability mandate by adopting international business guidelines, practices and frameworks and sustainability reporting mechanisms, and reducing company environmental impact through efficient use of water, energy, and other resources and materials. Similar to the first cohort, these companies are also focusing on developing innovative and sustainable initiatives, products and services that ultimately carry significant social impact. As such, they are creating shared value through either one of the three ways explained by Porter and Kramer.

For example, MNC 3, a very famous food and beverage company, is redefining productivity in the value chain by developing a sustainable agriculture farming program to help Egyptian farmers upgrade their capabilities through modern farming techniques, which saves the company import costs and supports local farmers to expand their skills and businesses. MNC 8, a leading Egyptian multinational in the electricity and energy industry, is creating shared value through local cluster development. By establishing its own technical school in partnership with the Ministry of Education to support technical school graduates and help them join the workforce, they are thereby creating a highly qualified and skillful labor force for future employment within the company as well as helping solve education and unemployment challenges in Egypt. Lastly, the Egyptian Private Sector Company, part of the banking and finance industry, is reconceiving markets by forging

strategic partnerships and empowering local communities in the handicrafts industry. By building capacities of local, artistic communities and supporting their export readiness, the bank is helping them exit the informal sector and enter the formal sector, thereby supporting national financial inclusion objectives while simultaneously growing a consumer base for the company that was previously non-existent. Consequently, the bank is expanding its consumer base which will ultimately translate into increased profits, while concurrently supporting key national development goals.

Evidently, CSR is shifting towards a more strategic and developmental perspective. Most of the interviewed representatives of the private sector companies are seeing the importance of contributing to real and sustainable development and creating valuable social impact. Not only that, but several companies are looking for ways of blending the creation of social value with corporate economic growth by seeking win-win situations that maximize collective benefit. Many interviewees in the study have reported on company programs and initiatives that inherently follow Porter and Kramer's methodology of creating shared value; some do it by reconceiving products and markets, some by redefining productivity in the value chain, others by enabling local cluster development. Accordingly, one can argue that there is a shift towards a more comprehensive, integrated and holistic understanding of CSR taking place; one that is linked to sustainability models and shared value principles. This is a significant contribution to the literature given that most of the previous studies have mainly highlighted the charitable approach to CSR in Egypt. The findings of this study have proven, however, that CSR is starting to take a more developmental and sustainable approach and that the concept of creating shared value is starting to gain attention and appeal among numerous private sector stakeholders in Egypt.

But again, the sample size of this study is too small to make general statements of the private sector as a whole. To gain better understanding about the overall CSR context in Egypt, interviewees were asked to share what they think about the general CSR situation in Egypt.

5.3 Context of CSR in Egypt

The study data revealed a variety of insights regarding the general context of CSR practice in Egypt. It is evident that CSR has been gaining plenty of attention and momentum especially the past few years. Many study interviewees highlighted that there are still many institutions that do not practice CSR, but CSR is now a common topic of discussion among corporations and more and more companies are starting to apply it in ways that go beyond charity and donations.

The interviews offered somewhat contradictory data. On one hand, there were some negative accounts on the CSR field. Many reported that the corporate practice of CSR is still scattered and ad hoc. One expert highlighted that "CSR is still often perceived in connection to their marketing and brand image and as such many activities focus on the PR side of CSR rather than the effectiveness and impact of the actual project" (CSR Expert 1, March, 2018). In that connection, many interviewees criticized the opportunistic approach some companies take especially during the holy month Ramadan that usually witnesses a significant boom in CSR activities just for propaganda. Furthermore, several interviewees underlined how many companies are engaging in CSR activities or initiatives that are not related to the company's core activities. As a natural result, CSR practice in Egypt faces issues of sustainability.

"Companies do projects without proper assessment, there is no sustainability mechanism so eventually a lot of these projects die. Sometimes they start the projects but don't even complete them. They give false promises and don't deliver" (Group CSR and Sustainability Director, MNC 8, March, 2018).

Such unprofessional and unethical companies are typically those who are just looking for some publicity and good marketing and do not really care about their responsibility towards society and supporting larger development objectives.

On the other hand, most interviewees highlighted a more positive image of the CSR field in Egypt, explaining how the CSR field itself has been witnessing some improvements in the past three years. Several interviewees spoke about the increasing number of CSR conferences, summits and forums taking place, with the aim of bringing all key stakeholders together, including the private sector, the government and civil society organizations, to talk about important concepts such as sustainability, social impact, social investments and responsible business, promote the role of the private sector in development, and discuss the role of all the relevant stakeholders to maximize the impact. The discussion on CSR has become much more dynamic and diverse than what it used to be before. As one respondent explained,

"The whole community is shifting from CSR to sustainability but there are companies that still face challenges in this shift. The conversation around CSR has changed from what it used to be before. The private sector is still not on the same understanding of the terms, there is still a gap." (Sustainable Business Senior Manager and Foundation Secretary General, MNC 7, March, 2018)

It appears that the business community is split into several groups. On one hand, as reported by study interviewees, there are many companies that still follow the traditional CSR approach, who look at CSR as a marketing tool and do not appreciate and care about sustainability, creating impact and shared value. And on the other hand, there are also many

companies that have educated and exposed themselves to modern understandings that speak to the existing realities in which the companies are operating. Those companies have recognized the significance of sustainability and supporting national development objectives through the creation of shared value. These two categories are at two opposing sides that speak different languages and understand things differently. Caught in between those two group is a third crowd of companies that is trying to transition from one to the other. Most of the study interviewees appear to be somewhere in between the transition and the advanced phase, only one or two are in the traditional phase.

This illustration explains why the private sector is still not on the same understandings of the different terms invading the business community and why there are various implementation approaches to be found. But generally, the CSR field is slowly changing and it seems that many businesses have been gradually trying to change their operations and way of thinking. Almost all interviewees expressed that pressure towards sustainability is significant now, but that there was still a great deal to be done and many things need to change.

In summary, this chapter discussed the various definitions and practices of CSR and CSV in Egypt. The study revealed various interpretation approaches which is partly due to the fact that CSR has evolved in each company differently. Generally, the understanding of CSR has evolved into a more comprehensive construction that integrates sustainability principles into business operations and greater integration of a company's responsibility towards their workforce, society and environment. In addition, the concept of creating shared value is gaining prominence in Egypt. Several companies are implementing

programs that create both business and societal benefits simultaneously. Nonetheless, traditional CSR is still being practiced, as evidenced by the donation-based and volunteering activities as well as the philanthropic programs being conducted by the companies. However, there is reason to argue that even corporate philanthropy is becoming more strategic compared to before. Furthermore, the study revealed a variety of insights regarding the general context of CSR practice in Egypt. While there have been some positive developments, CSR is still faced with many challenges, which will be discussed in the following chapter.

6. Chapter Six: CSR Challenges and the Way Forward in Egypt

The following chapter will review the CSR challenges in Egypt and suggestions made by interviewees to improve the practice.

6.1 Challenges

When discussing the challenges of CSR practice in Egypt, all interviewees shared a common feeling of dissatisfaction and frustration. Mirroring findings of previous literature and research done on CSR in Egypt, results of the study revealed plenty of flaws and problems in the practice of CSR and CSV in Egypt. Answers were grouped together and categorized in three categories: program challenges, government challenges and ecosystem challenges, as listed below.

6.1.1 Program Challenges

Several interviewees emphasized the lack of effectiveness, efficiency and professionalism from the NGOs in the execution, monitoring and evaluation, and quality control. "While there have been some improvements in the quality of the NGOs lately, only very few are actually effective and efficient" (Corporate Affairs General Manager, MNC 4, February 2018). With a weak executional leg, corporates often find it very challenging to find the right implementing partners to help them create effective and sustainable programs. The perceived weakness and ineffectiveness of NGOs by the private sector may be partly due to the fact that "there is big language deficiency between the private sector and the NGOs" (Head of Brand PR and Communications, MNC 3, February, 2018). There appears to be big difference between the private sector and the NGOs in how they think, speak and write, which eventually creates a gap in expectations, as reported by

many interviewees. One of the things that was repeatedly mentioned is NGO's lack of understanding to the idea of exit strategy.

Another programmatic challenge related to the perception of the NGO's weakness is their inefficient resource allocation. Few interviewees expressed concerns with NGO's project budget spending. "Sometimes we spend so much money and we don't really see the impact of what that money did or where the money was actually spent" (Commercial Manager, MNC 9, March 2018). This statement highlights a common challenge for corporate to constantly monitor and question NGO budget spending to make sure that the money is being spent properly.

Few interviewees also complained of the limited resources available, both financial and non-financial. "Budgeting is always a challenge" (Creating Shared Value Executive, MNC 6, February, 2018). Interestingly enough this is coming from a representative of a company that recognizes the importance of CSV and uses it "as a guiding principle" in their strategies, as mentioned earlier. This proves that CSV in reality still faces similar budget challenges as CSR, as opposed to Porter and Kramer's argument idealistic argument of CSV, as a profit-maximizing tool, being immune to budget constraints. Another interview respondent highlighted the challenges faced for not having a dedicated CSR team in his company.

"We don't have a CSR department, we just started 5 years ago, so it's under the mandate of a team that is cross-functional, whoever wants to join extra can join, but it's mainly our responsibility. It's very challenging to find time for it, we do it next to our actual functions in the company" (Commercial Manager, MNC 9, March, 2018)

It is clear that there are companies that still perceive CSR as a very minor function within

the organization. Without a dedicated CSR team responsible for this mandate within a company, CSR lacks responsibility, commitment and accountability and it becomes challenging to advance it. While there are few companies from the sample who have established a dedicated CSR/Sustainable Business/Sustainability/CSV units, it still appears to be largely institutionalized still, as those interviewees have expressed their frustrations for still being perceived as a support function, not a core one. In most cases, where a dedicated unit doesn't exist, these responsibilities fall largely under PR, Communications, Corporate Affairs or Marketing. There still needs to be a stronger push towards making these functions an integral part of the business and company strategy. Resulting from the compound effect of all of the above-mentioned challenges, the practice of CSR/CSV is faced with limited scalability and sustainability.

6.1.2 Government Challenges

Another issue that was expressed during the interviews was related to government challenges. Some respondents expressed their frustration with the limited role of government, even when there is government involvement there is limited support and cooperation. "Government's role so far is relatively small, their support needs to be stronger and more" (Corporate Affairs General Manager, MNC 4, February, 2018). With little government involvement in the dialogues and discussions around how to best integrate and connect CSR/CSV initiatives within the country's national development agenda, significant opportunities are lost. Even when government becomes involved, there seems to be a limited understanding of shared value and sustainability imperatives.

"There is limited government understanding of shared value, getting them on the same page is difficult, most of the caliber have not been developed to understand shared value

yet" (Head of Brand PR and Communications, MNC 3, February, 2018).

Limited government understanding of such modern concepts hampers the development of effective, sustainable value-based and partner-based initiatives that create both social and economic benefit. Therefore, it is crucial to educate and upgrade the public administration to be able to understand comprehensive and modern concepts of CSR, sustainability and ultimately CSV.

Another governmental challenge relates to the policies and regulations. The results demonstrated that that the Egyptian government is not regulating in ways that enables the creation of shared value. On one hand, existing regulations actually sometimes hamper effective partnership development, as interviewees expressed the problems they face when giving funds to NGOs, as a result of the latest NGO law. On the other hand, there seems to be a lack of other more necessary regulations that would enhance the operational framework of the ecosystem as a whole.

"We are not and cannot be working alone, we are working within an ecosystem. The whole ecosystem is not regulated enough, we need regulation" (Philanthropies Lead, MNC 5, March, 2018)

Evidently, a stricter government role is needed. The study findings reflect existing literature on the insufficient national CSR framework in Egypt lacking policies and instruments to support its regulation (Alshorbagy, 2016; Darrag and Crowther, 2017). The results also confirm previous works highlighting the significance of laws in ensuring compliance and organizing social actors (Thiarungrueang, 2013).

6.1.3   Ecosystem Challenges

Existing regulations affect the operational framework of the ecosystem as a whole.

According to the study data, the national CSR framework in Egypt, with its insufficient policies and regulations, create larger and more complex ecosystem challenges. Existing, government regulation sometimes hamper effective partnership development. Following the new NGO law that has made the NGO funding process slightly problematic, current national laws create a challenging environment for effective partnership development between stakeholders. The means of partnership is also exacerbated, as the business community is "perceived as a donor, not as a partner. Public-Private-Partnership is almost non-existent, it's not a partnership, they look at you as just a donor" (General Manager and Director of Marketing and Communications, MNC 1, February, 2018)

With such narrow perception of the capacity and capabilities of the private sector and uncooperative modes of partnerships, opportunities to truly create shared value are hindered, which might explain why successful public-private-partnerships are rare to find in Egypt.

"Partnering is not easy- other than starting new partnerships, it's hard jumping into already existing projects, so we end up having to reinvent the wheel and start over from scratch" (Philanthropies Lead, MNC 5, March, 2018)

With limited policies and frameworks to support and enhance partnership development, the practice of CSR and CSV becomes very inefficient, unproductive and valueless. Lack of partnerships is also due to the "lack of trust between the private sector and non-governmental organizations" (CSR Expert 1, March, 2018), which also puts limitations of effective cooperation. Trust and transparency are necessary and key factors in ensuring long-term and sustainable partnerships between all stakeholders.

Despite these problems and inefficiencies, there have been some positive developments

in the CSR field in Egypt. As highlighted previously, study data highlighted the increasing number of CSR conferences, summits and forums taking place in Egypt the past three years. Ultimately, the objective of such events is to also facilitate networking and partnership development. But as many interviewees reported, it still remains challenging to build successful partnerships.

"There is no single coordinating body that is able to properly organize the field and all the relevant partners involved. At the end of the day, partnerships mainly rest on personal connections." (Sustainable Business Senior Manager and Foundation Secretary General, MNC 7, March, 2018).

Even with the growing number of events bringing all stakeholders together, partnerships are hampered without an overarching and national coordinating entity. Partnership development appears to be a personal and individualistic decision up to the relevant decision makers in company. There are very few instruments and frameworks put in place to support and encourage cooperation and effective partnership building. In fact, the CSR environment in Egypt appears to be uncooperative to an extent that several interviewees shared concerns about the competitive nature in the practice of CSR

"Companies want to show off their good deeds and end up fighting for credit, making CSR more about competition and less about cooperation" (Chief Corporate Affairs Officer, MNC 2, February, 2018)

According to this statement, it appears that the underlying motive of corporate engagement in CSR is often times based on publicity to improve the corporate image in society and gain public credit and not necessarily because these companies truly do realize the significance of advancing development objectives.

Other than partnership and cooperation-related challenges, there was general consensus among all interviewees that there is limited or lack of proper information and research. As stated by one participant,

"There is no database. There is lack of data on things like disability, there are general figures but we need to know the different types of disability, disability figures by geographic areas, things like that. This is a problem pertaining to many issues not just disability." (Sustainable Business Senior Manager and Foundation Secretary General, MNC 7, March, 2018)

National data is very limited and not comprehensive. The data that is available to the private sector and the general public is not enough, it does not reveal enough insight necessary to identify and understand the real needs of the community, which may the private sector's ability to create relevant programs that help advance development objectives. Not only did interviewees complain about the lack of development and population data, but they also highlighted a missing CSR map.

"There is no CSR mapping, there's nothing that tells us who are the different players working the different sectors and where the areas of convergence are upon which collaboration can be built" (Head of Brand PR and Communications, MNC 3, February, 2018)

Evidently, without a guiding CSR map to identify the different stakeholders as well as different similarities and gaps in the field, many opportunities to create successful partnerships and maximize impact are lost.

Interviewees also spoke about other general challenges they face in the practice. Limited understanding of terms such as sustainability is not a flaw only in the government, but in society at large. "A lot of people don't understand sustainability and what it means to be truly responsible. In fact, there are managers who don't even know what these terms mean"

(Corporate Affairs General Manager, MNC 4, February, 2018). Without proper understanding of modern terms such as sustainability, responsible business and sustainable development, the common perception of CSR and the role of business in society cannot and will not advance. And as such opportunities to further create shared value for all societal members will be hindered. It is no wonder that several interviewees stated that there is limited awareness on the ground. "People don't recognize the importance of what we are doing. Sometimes they actually prefer charity more" (Creating Shared Value Executive, MNC 6, February, 2018). Clearly, CSV and sustainability concepts cannot flourish widely in a context and society that does not recognize their significance and long term benefits. It appears that, despite advancements, the Egyptian society as a whole is still far from reaching real creation of shared value, it still needs a great deal of work.

6.2 The Way Forward

After discussing the challenges faced in the practice of CSR and CSV in Egypt, a follow up question was posed on how to improve it. The interview process was concluded with a discussion on recommendations. The main recommendations relate to the need for better and stronger cooperation and coordination, more research, more focus on NGO capacity building and assessment, sustainability education and policy reform.

6.2.1 Cooperation and Coordination

One of the most repeated recommendations was the need for greater cooperation between all stakeholders involved, especially from the private sector and the government. "People are fighting for credit. Corporates really need to stop competing against each other and cooperate together" (Chief Corporate Affairs Officer, MNC 2, February, 2018). Mirroring

the same concern, one CSR practitioner stated that

"The private sector is driven by competition, and that's very valid. But CSR is the only platform that doesn't need competition, it needs cooperation" (Head of Brand PR and Communications, MNC 3, February, 2018)

Cooperation is very crucial in order to advance CSR and CSV. And equally important, is the need for coordination as well. Many of the interviewed CSR practitioners expressed the need for a coordinating body or entity.

"There has to be a hub or government body that aligns all the key players, and a place or a platform where NGOs and private sector come together, express priorities and themes of interest, identify areas of work of each other to avoid ad hoc and redundant projects and effectively collaborate. It makes sense that the Ministry of Social Solidarity (MOSS) takes lead on this" (Sustainable Business Senior Manager and Foundation Secretary General, MNC 7, March, 2018)

This recommendation was expressed by many interviewees. The need for a coordinating entity is now much greater in the age of advancing CSV than it was in the age of CSR. CSR/CSV needs to be institutionalized with the national framework of government operations and priorities. However, one respondent disagreed with the idea of having MOSS as the coordinating entity on this matter.

"MOSS already has so much on its plate, it's too much to ask from them, they have other pressing and urgent development challenges they are working up against. The social development need is huge. Maybe one of the international organizations can take up this responsibility" (CSR Expert 1, March, 2018)

Despite the varying arguments on who should become the coordinating entity, there was agreement that lack of coordination and alignment creates significant challenges. Some even highlighted the need for more sector-specific coordination and collaboration, that

businesses working in the same industry come together and work on issues that are most relevant to them.

"People need to coordinate their projects together, someone does health, another does education, or come together as a sector and coordinate on working on a certain issue, preferably an issue that is most relevant to their industry focus" (Chief Corporate Affairs Officer, MNC 2, February, 2018)

6.2.2 Research

To improve the process of coordination and cooperation, the majority of CSR practitioners have expressed the need for more comprehensive research with relevant data.

"We've been talking about things like "Bottom of the Pyramid" and inclusive business. Well, I need data on the BOP. I need solid data that helps me identify the needs of the communities" (Head of Brand PR and Communications, MNC 3, February, 2018).

Evidently, more research needs to be done and made accessible to the private sector and all relevant CSR stakeholders in order to create better programs that cater to the needs of the communities and contributes in solving development challenges. Not only is research crucial and necessary in order to understand the development challenges and community needs, but more research needs to be done to support the relationship between CSR and development.

"There's not enough research on CSR in Egypt. We talk about the business case for CSR and CSV and I really do believe in its potential but we need solid quantitative research to back up our claims that private sector engagement in development, if done right, can have economic benefits on the company. We need to show that CSR/CSV can impact sales and profit" (Head of Brand PR and Communications, MNC 3, February, 2018).

Accordingly, context-specific research based on Egyptian case studies is needed to help advance CSV and the business case for CSR; to validate the link between CSR and

development and show how CSR or CSV programs and initiatives create economic benefits for the company while creating social impact.

A third type of research that was demanded was a CSR map that would help identify the different stakeholders working in the different sectors and the programs and priorities of each, in order to find the gaps and areas of convergence upon which collaboration can be built on.

6.2.3 NGO Capacity Building and Assessment

Another recommendation that was expressed by many of the interviews is the need for strong and effective NGO capacity building and training to better equip the partners in to be up to standards and be able to implement, monitor and evaluate more efficiently.

"While there have been some improvements in the quality of the NGOs lately, there are only 1000-1500 effective NGOs out of 40,000. We need to train the partners we are working with so we can create and deliver more impactful projects" (Corporate Affairs General Manager, MNC 4, February 2018).

Focusing on NGO training will help upgrade their competences and solve the existing language deficiency between the partners which will ultimately help bridge the large expectation gaps. Another interesting recommendation that was discussed is the need for a formal mechanism of NGO assessment and rating to help the private sector identify and select the right partners to work with.

6.2.4 Sustainability Education

The language deficiency problem is not only related to the NGO sector but to society as whole. As stated previously, the majority of the interviewees expressed their frustration in regards to society's lack of understanding of modern concepts such as sustainability.

Accordingly, suggestions were made to with regards to sustainability education.

"Sustainability is becoming an integral part of business now. There are managers who don't even know what that term means. We need to continuously educate our people on such critical concepts." (Corporate Affairs General Manager, MNC 4, February, 2018)

Continuous employee training and development is crucial for both the individual themselves and the company in which they work for. Organizations and the people that work in them need to be attuned with the modern terminologies and theories that guide the business world and social realities. In fact, this education system as a whole needs to adjust to the rapidly changing global contexts. In that connection, some interviewees suggested revamping and improving education as a whole, educate children early on what is meant by sustainability in order to facilitate the mind shift towards sustainability in the future and ensure the continuity and success of businesses.

"The world today is beyond short rounds of profit-making. It's becoming beyond single bottom line, it is in fact the triple-bottom-line that we need to consider. We are still being taught and fixated on the single bottom line, if this is the only thing you seek you will crash. Sustainability is the intelligent part of business, you can't operate without it now." (General Manager and Director of Marketing and Communications, MNC 1, February, 2018)

The role of business in society is no longer about making profits solely. Businesses have bigger and more complex responsibilities to take into account. It is necessary to educate children early on the new understandings of business functions and duties. Highlighting the importance of sustainability stated above, the same participant confidently recommended that sustainability education becomes mandatory starting secondary education.

6.2.5 Policy Reform

Lastly, another important recommendation that was brought up in the interviews is

reforming policies and regulations to enable better and more efficient corporate engagement in CSR. One participant called for more government regulation in order to help organize a seemingly disorganized ecosystem. "Companies can't work alone, we are working within an ecosystem. The whole system is not regulated enough, we need regulation to create a better system for us to work in" (Philanthropies Lead, MNC 5, March, 2018). When discussing the need for more regulations, another participant highlighted the desire for a more participatory approach when setting government regulations.

"Instead of simply informing corporates with sudden and new changes in laws and regulations that sometimes create more harm than benefit, come and talk to us about first, include us in the process and design" (Head of Brand PR and Communications, MNC 3, February, 2018).

Regulations are important as long as they create more benefit than do unnecessary harm. Instead of asking government to create an enabling environment, it might be more beneficial that relevant partners and stakeholders come together and discuss important issues and jointly take part in creating that enabling environment they seek. A participatory approach in setting national regulations is quite a new suggestion but worth examining.

In summary, this chapter discussed the challenges faced in the practice of CSR in Egypt as revealed in the study. Program challenges include lack of NGO effectiveness, efficiency and professionalism in the execution, monitoring and evaluation, limited resource availability to support effective CSR implementation and advancement, inefficient resource allocation and project budget spending, limited scalability and sustainability of projects and lack of integration of CSR and sustainability activities to company strategy. Government challenges include limited role of government and limited understanding of shared value, and obstructive policies and regulations. Ecosystem challenges relate to the

lack of cooperation and partnerships mechanisms, lack of coordination, lack of comprehensive research and data, societies limited understanding of modern terms such as sustainability and shared value, and lastly lack of trust between the stakeholders. Responding to these challenges, interviewees suggested some recommendations to improve the practice of CSR and CSV such as need for better and stronger cooperation and coordination, more research, more focus on NGO capacity building and assessment, sustainability education and policy reform.

7. Chapter Seven: Conclusion and Policy Recommendations

This study aimed at assessing whether the private sector in Egypt has shifted from a traditional CSR approach, based on donation, philanthropy and charity, towards a more comprehensive and holistic system of creating shared value. The concept and practice of CSR in Egypt has gained considerable attention amongst academics, practitioners, non-profit organizations and international organizations. Despite the growing interest in CSR in Egypt, there is still a large literature gap in this topic. Empirical research on CSR in Egypt has not been keeping up with the increasing discussion on the topic in the past decade. Accordingly, this study is a great contribution to the literature on CSR in Egypt that provides valuable insights on the current practice of CSR and "Creating Shared Value" and the role of governments to help advance these issues.

The conceptual framework adopted for this study is the "Creating Shared Value" model developed by Porter and Kramer in 2011. The literature review discussed the role of CSR in development, the flaws of the traditional approach to CSR, the significance of creating shared value, the role of governments in CSR and CSV, and a contextualized review of CSR in Egypt.

This study is based on qualitative research methodology. Using purposive sampling, thirteen leading CSR practitioners and experts were identified and selected for semi-structured and in-depth interviews.

This researcg revealed a great number of significant and valuable findings relating to the understanding and practice of both CSR and CSV. First of all, it is evident that a wide range

of interpretations of CSR is evident among the different community members in Egypt and that CSR has evolved in each company differently leading to various implementation approaches among the private sector. Study results have highlighted that the understanding of CSR has evolved, at least amongst most of the study sample, from being a charitable perception and societal obligation into a more comprehensive system that promotes greater integration of a company's responsibility towards their workforce, society and environment and incorporation of sustainability principles and models. Not only that, but the concept of creating shared value is gaining prominence within the private sector in Egypt. Many companies are developing and applying programs that create shared value through at least one of Porter and Kramer's tactics; either by reconceiving products and markets, by redefining productivity in the value chain, or by enabling local cluster development.

The interviews highlighted the apparent coexistence of traditional CSR and CSV activities in the Egyptian context. On one hand, there are still elements of the traditional model of CSR to be found as evidenced through the volunteering and donation-based activities as well as the philanthropic programs. Interestingly enough, philanthropy is taking a more strategic, developmental and sustainable approach compared to before. By investing in the creation of a healthy, educated and inclusive society, these foundations are supporting government development objectives while enhancing the conditions of the larger ecosystem. As such, they are operating, even if unconsciously, with a shared value principle in an effort to create both social benefits and, indirectly, industry benefits as well. This is also a relatively new and important contribution to the literature on CSR in Egypt and in developed countries, which previously highlighted the ineffectiveness and

inefficiency of philanthropy, and not enough on the cases where philanthropy works.

In summary, there is a shift towards a more comprehensive, integrated and holistic understanding of CSR taking place; one that is linked to sustainability models and shared value principles. This is a significant contribution to the literature given that most of the previous studies have mainly highlighted the charitable approach to CSR in Egypt. Most of the interviewed representatives of the private sector companies are seeing the importance of contributing to real and sustainable development and creating valuable social impact. Not only that, but many companies are looking for ways of blending the creation of social value with corporate economic growth by seeking win-win situations that maximize collective benefit.

Due to the small size of the study's population sample, study findings cannot be generalized across the entire private sector in Egypt. While the study has demonstrated that there are members of the Egyptian community who are shifting from a narrow CSR perception to a broader understanding that includes sustainability imperatives and shared value principles, it appears that the term CSV might still be a bit too advanced for the society. CSV is a complex process that requires a great deal of investment, quality upgrade, effort and time. It still needs more time and developments to truly appreciate the conceptualization of CSV and grasp what it really means.

Moreover, the study revealed several significant challenges faced in the practice of CSR in Egypt. These were categorized into three groups; program challenges, government challenges and ecosystem challenges. Program challenges include lack of effectiveness,

efficiency and professionalism from the NGOs in the execution, monitoring and evaluation, limited availability of resources, both financial and non-financial to support effective CSR implementation and advancement, inefficient resource allocation and project budget spending, limited scalability and sustainability of projects, due to a combination of several of the above listed challenges, and lack of integration of CSR and sustainability activities to company strategy, due to its perception as a support function. Government challenges include limited role of government, limited government understanding of shared value and its significance and inefficient and obstructive policies and regulations. Lastly, ecosystem challenges pertain to the lack of cooperation and partnerships mechanisms, lack of coordination, lack of comprehensive research and data, society's limited understanding of modern terms such as sustainability and shared value and finally lack of trust between the stakeholders.

Responding to these challenges, interviewees offered numerous suggestions to help improve the practice of CSR and CSV. These include; strengthening cooperation and coordination by creating a national government hub to organize all efforts and stakeholders, investing in research and developing a CSR map to guide all the relevant players, investing in NGO capacity building and assessment, prioritizing sustainability education to ensure that future generations understand what these terms mean and how important they are in today's modern and globalized world, and reforming public policy and administration to create an enabling environment for both CSR and CSV to take place.

7.1 Policy Recommendations

Building on the suggestion to strengthen coordination efforts and reform public policy and administration, I believe it is imperative to argue for a stronger government role in leading and enabling a better environment for CSR and CSV. There have been previous attempts to create a coordinating entity such as the ECRC, but unfortunately it is no longer active. It remains critical to institutionalize CSR in the government and create a CSR Ministry to act as the national entity for all CSR and CSV matters. Their mandate should include:

- Educate and communicate the understanding of important concepts such as strategic philanthropy, CSR, Sustainability, and CSV to all stakeholders

- Create a national CSR strategy to guide all efforts and help enable a better fit between CSR agendas and the actual development needs

- Develop a comprehensive CSR map to help stakeholders identify who are the key players working in the different fields and their strategic programs

- Promote CSR and CSV best practices

- Develop policy incentives for businesses to engage strategically with CSR and reward companies with a responsible and sustainable mandate that creates shared value

- Organize and coordinate all players in the CSR field

- Support business associations, research centers, international organizations and academia in creating platforms and events to bring stakeholders together and discuss critical issues and best practices

- Support partnership building between the different stakeholders

It remains the role of the government to promote and advance the role of the private sector in sustainable development. The Egyptian government has a significant role to play in cultivating CSR and CSV, but these topics need to formally become part of the government agenda first. Without a national organizing and coordinating entity to be held responsible for this mandate, opportunities to really create shared value are significantly hampered.

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