

The Case for Strategic Corporate Social Responsibility in Developing Countries

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INTRODUCTION

In various contexts, companies today are under intense pressure to rebuild public trust and stay competitive in a global economy. Recent business scandals have shaken public confidence in private corporations, increasing in turn the salience of principles of accountability, transparency, and integrity in all facets of business relationships (Waddock et al. 2002). Private companies seem to be facing the challenge of upholding these principles while remaining profitable and innovative. The delivery of shareholder value while also promoting societal value has thus evolved in recent years into a complex paradox that responsible business corporations seem to be grappling with in different contexts (Jackson and Nelson 2004).

The reconciliation of shareholder and societal value is frequently discussed within the corporate social responsibility (CSR) framework, which addresses the relationship between business and the larger society (Snider et al. 2003). Although an exact definition of CSR remains elusive, the term is generally used to refer to a mode of business engagement and value creation, allowing to meet and even exceed legal, ethical, and public societal expectations (Luetkenhorst

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2004; Novak 1996) and acting in a manner that respects the legitimate goals and demands of all stakeholders (Clarkson 1995; Waddock et al. 2002).

Demands for responsible business behavior have continued unabated into the 21st century, with the European Commission (EC) designating 2005 as the year of CSR in European Union (EU) countries (Luetkenhorst 2004). Likewise, individual EU member states have taken important steps, such as the United Kingdom appointing a minister for CSR within the Department for Trade and Industry, France spearheading a movement to institute mandatory standards for social reporting for companies comprising more than 300 employees, and the Danish government establishing the Copenhagen Center—a CSR-focused research institution (Luetkenhorst 2004).

But the various CSR initiatives that have materialized in recent years in Western countries have not been paralleled by similar intense interest/activity in the context of developing countries. Despite the scarcity of CSR research in developing countries, limited evidence from the developing world indeed seems to suggest that the CSR motivation is attuned in light of the weak drivers for CSR adoption on the supply and demand side, limited CSR advocacy and awareness raising, limited regulatory capacity, and nascent community organizations, coupled with traditional macroeconomic constraints that serve to divert company attention to issues of basic economic viability (Belal 2001; Fulop et al. 2000; Jamali et al. 2006).

This paper thus ponders the question: What can be realistically suggested to promote sustainable CSR initiatives in the context of developing countries? To address this question, the paper reviews two different CSR conceptualizations; one by Carroll (1979) and the other by Lantos (2001), arguing that Lantos' dichotomous categorization of CSR into altruistic and strategic may be useful in a developing country context. The paper then presents the findings of a study undertaken in the Lebanese context, illustrating the prevalence of altruistic CSR in developing countries, corresponding with an understanding of CSR as social and voluntary.

OVERVIEW OF CSR

Corporate social responsibility is one of the earliest and key conceptions in the academic study of business and society relations

(Windsor 2001). The developmental history of the CSR construct is commonly divided into three phases: (1) rise and extension (1950s), (2) further expansion (1960s–1970s), and (3) full-fledged proliferation (1980s–1990s) (Carroll 1999). The original ascendancy of CSR took place against a ruling economic paradigm emphasizing efficiency, competition, and productivity gains. Yet the rise of CSR has continued unabated into the 21st century, making it less plausible to look at CSR as just the latest hype of a development community increasingly disillusioned with the performance of the public sector (Luetkenhorst 2004).

The initial rise of CSR coincided with fragmented postulations on the role of businesspeople as stewards not only of their personal resources but also of societal resources. Until the 1960s, the focus was on businesspeople possibly because the prominence of the business corporation as a vital center of power and decision making had not yet been fully appreciated (Carroll 1999). The 1960s according to Carroll (1999) witnessed a significant growth in attempts to formalize more accurately what CSR entails, while the 1980s witnessed attempts at refining previous conceptualizations and the splintering of writing into alternative concepts and themes such as business ethics, stakeholder theory/management, social responsiveness, and public policy.

This research examines two CSR conceptualizations, coinciding with the expansion/proliferation periods of CSR evolution (1970s–1990s). The first is Carroll's (1979) four-part definition of CSR, which was refined into a pyramid construct in 1991 with economic responsibility as the basic foundation and discretionary responsibility as the apex. The other is Lantos' (2001) differentiation among ethical, altruistic, and strategic responsibilities. This section will shed the light briefly on those two conceptualizations respectively, highlighting nuanced differences between the two, and underscoring the potential usefulness of a strategic CSR orientation in the context of developing countries.

Carroll's 1979/1991 Conceptualization

In 1979, Carroll differentiated between four types of corporate social responsibilities: economic, legal, ethical, and discretionary. The first category that Carroll (1979) delineated is a responsibility that is economic in nature, entailing for example providing a return on

investment to owners and shareholders; creating jobs and fair pay for workers; discovering new resources; promoting technological advancement, innovation, and the creation of new products and services. Business from this perspective is the basic economic unit in society and all its other roles are predicated on this fundamental assumption (Carroll 1979).

The legal responsibility is the second part of the definition, and entails expectations of legal compliance and playing by the “rules of the game.” From this perspective, society expects business to fulfill its economic mission within the framework of legal requirements set forth by the societal legal system. But while regulations may successfully coerce firms to respond to an issue, it is difficult to ensure that they are applied equitably (Pratima 2002). Moreover, regulations are reactive in nature, leaving little opportunity for firms to be proactive. Laws therefore attempt to circumscribe the limits of tolerable business behavior, but they neither define ethics nor do they “legislate morality” (Solomon 1994).

In essence, ethical responsibility overcomes the limitation of law by creating an ethics ethos that companies can live by (Solomon 1994). It portrays business as being moral, and doing what is right, just, and fair. Therefore, ethical responsibility encompasses activities that are not necessarily codified into law, but are nevertheless expected of business by societal members such as respecting people, avoiding social harm, and preventing social injury. Such responsibility is mainly rooted in religious convictions, humane principles, and human rights commitments (Novak 1996). However, one limitation to this type of responsibility is its blurry definition and the consequent difficulty for business to concretely deal with it (Carroll 1979).

The final type of responsibility is where firms have the widest scope of discretionary judgment and choice, in terms of deciding on specific activities or philanthropic contributions that are aimed at giving back to society. The roots of this type of responsibility lie in the belief that business and society are intertwined in an organic way (Frederick 1994). Examples of such activities might include philanthropic contributions, conducting in-house training programs for drug abusers, or attempts at increasing literacy rates (Carroll 1979). This type of responsibility is the most controversial of all since its limits are vague and its implications could conflict with the economic and profit-making orientation of business firms.

FIGURE 1 A hierarchy of Corporate Social Responsibilities
(Adapted from Carroll, 1991).



In 1991, Carroll revisited his four-part definition of CSR and organized the notion of multiple corporate social responsibilities in a pyramid construct (Figure 1). In this pyramid, economic responsibility is the basic foundation and discretionary the apex. This revised conceptualization implies that the four responsibilities are additive or aggregative. From this perspective, economic and legal responsibilities are socially required (i.e., mandatory), ethical responsibility is socially expected, while philanthropy is socially desired (Windsor 2001) and each of these responsibilities comprises a basic component of the total social responsibility of a business firm.

Carroll's conceptualization was useful and timely, and it represented a significant advance in CSR research by mapping the different types of business responsibilities, but failed to distinguish explicitly between mandatory and voluntary responsibility types. While this is implicitly noted both in the terminology used for discretionary responsibility and in the revised pyramid-like structure placing discretionary responsibility at the apex of the hierarchy, it has not been explicitly dwelled upon. Ethical responsibility is also vaguely addressed in Carroll's model. A clearer definition of ethical responsibility and a neat distinction between voluntary and mandatory CSR, however, are nicely captured in Lantos' (2001) conceptualization.

Lantos' 2001 Conceptualization

Lantos (2001) distinguished between three types of CSR, which he referred to as ethical, altruistic, and strategic. Ethical CSR is

TABLE 1 CSR Classifications (Carroll, 1979, 1991; Lantos, 2001, 2002)

Carroll (1979; 1991) Classification	Lantos (2001) Corresponding Classification
Economic responsibility: entails profitability for shareholders, good jobs for employees, and quality products for customers	Ethical responsibility: mandatory fulfillment of a firm's economic, legal, and ethical responsibilities
Legal responsibility: entails compliance with laws and playing by the rules of the game	Altruistic responsibility: fulfillment of an organization's philanthropic responsibilities, irrespective of whether the business will reap financial benefits or not
Ethical responsibility: entails doing what is right, just and fair and avoiding harm	Strategic responsibility: fulfillment of philanthropic responsibilities that will simultaneously benefit the bottom line
Philanthropic responsibility: entails making voluntary contributions to society, by giving time and money to social activities	

morally mandatory and goes beyond fulfilling a firm's economic and legal obligations to its responsibility to avoid harm or social injuries, even in cases where the business does not directly benefit. Actions are taken because they are right, not merely because they are mandated by law or are profitable (e.g., money spent on product safety or pollution control). Lantos (2001) argues in this respect that there is nothing commendable about this level of fulfillment of "social responsibilities," since it is what is ordinarily expected in the realm of morality. As illustrated in Table 1, according to this conceptualization, ethical CSR encompasses the economic, legal, and ethical responsibilities outlined by Carroll (1979, 1991).

Altruistic CSR according to Lantos (2001) is humanitarian/philanthropic CSR, which involves genuine optional caring, irrespective of whether the firm will reap financial benefits or not. Examples include efforts to alleviate public problems (e.g., poverty, illiteracy) in an attempt to enhance society's welfare and improve the quality of life. Firms practicing altruistic CSR go beyond their morally

mandated obligations (ethical CSR) to assuming liability for public welfare deficiencies that they have not caused. Lantos (2001) argues in this respect that altruistic CSR, although noble and virtuous, could conflict with the profit-making orientation of business firms, and hence may lie outside the proper scope of their activities.

Strategic CSR on the other hand is strategic philanthropy aimed at achieving strategic business goals while also promoting societal welfare. The company strives in this respect to identify activities and deeds that are believed to be good for business as well as for society. This is a type of philanthropy that is aligned with profit motives (Quester and Thompson 2001). Expenditures on strategic CSR activities are typically intended as long-term investments that are likely to yield financial returns (Vaughn 1999). The challenge in this respect is to identify interventions that allow the reconciliation of the interests of the corporation with those of one or more stakeholder groups, thus promoting win-win outcomes across the board.

Two important distinctions in Lantos' (2001) conceptualization merit attention. The first distinction made by Lantos (2001) pertains to the nature of the CSR in question, which he classified as mandatory (ethical) versus voluntary (social). Ethical CSR from this perspective extends beyond economic and legal obligations to comprise the mandatory fulfillment of the various ethical duties of the firm in its capacity as a morally responsible agent. That the mandatory component of CSR includes more than economic and legal considerations has been articulated by early scholars including Joseph McGuire (1963) and Davis (1973) who insisted that the firm has obligations that extend beyond narrow economic and legal requirements. From a simple iron law of responsibility perspective, it is clear that ethical responsibility is mandatory not just morally but also practically in the sense that any violations in this respect are likely to have serious repercussions for the firm in terms of long-term viability and profitability.

The voluntary aspect of social CSR delineated by Lantos (2001) has similarly been touched by various authors including Walton (1967) and Manne and Wallich (1972). In his book entitled *Corporate Social Responsibilities*, Walton (1967) for example suggested that an essential ingredient of a firm's social responsibilities is a degree of voluntarism, and Manne and Wallich (1972) insisted that to qualify as a socially responsible social action, a business expenditure or activity must be purely voluntary. Davis (1973) suggested that CSR

describes a condition in which the corporation is at least in some measure a free agent and that the coerced pursuit of social objectives is difficult to imagine. Hence, various early scholars conceived of social responsibility as voluntary, beginning where ethical responsibility ends, reinforcing in turn the mandatory versus the voluntary distinction articulated by Lantos.

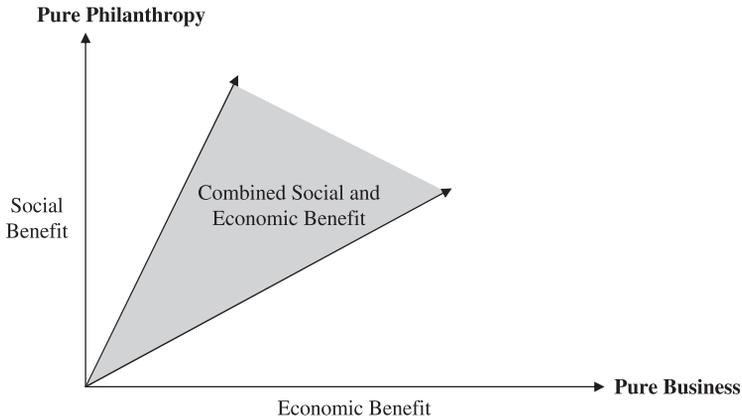
The second distinction is based on the intended purpose of social CSR as serving pure societal goals (altruistic) or simultaneously serving business and societal interests (strategic). CSR has traditionally been conceptualized as altruistic, involving the acceptance of costs for which it may not be possible to gauge direct measurable economic interests (Walton 1967). Other conceptualizations of CSR as good neighborliness and as active altruistic engagement in the solution of broad social problems are also commonly encountered in the literature (Backman 1975; Elbert and Parket 1973; Fitch 1976). However, the legitimacy of altruistic-type CSR is often questioned by neoclassical-type arguments insisting that economic performance ought not be compromised for social goals. Recent years have accordingly witnessed the ascendancy of an alternative optional social altruism that can nonetheless be directed to profit the firm or what Lantos (2001) refers to as strategic CSR.

The Appeal of Strategic CSR

The notion of strategic CSR has been around since the 1980s and has been the subject of much debate in recent years. Drucker (1984) for example emphasized that profitability and social responsibility are not necessarily incompatible and that business ought to convert its social responsibilities into business opportunities. Similarly, Porter and Kramer (2003) have suggested a context-focused philanthropic approach requiring companies to use their unique attributes to address social needs in the corporate context, thus promoting a convergence of interests between business and society (Figure 2) and the reconciliation of social and economic goals.

Hence, as illustrated in Figure 2, the basic idea of strategic CSR is the effective alignment of philanthropic contributions with business goals and strategies, thus allowing the reconciliation of social and economic benefits. In this respect, strategic CSR can be defined widely to encompass any philanthropic activity that can result in long-term gain for the company. Such gain can be direct and tangible

FIGURE 2 A Convergence of Interests Between Business and Society (Porter and Kramer, 2003).

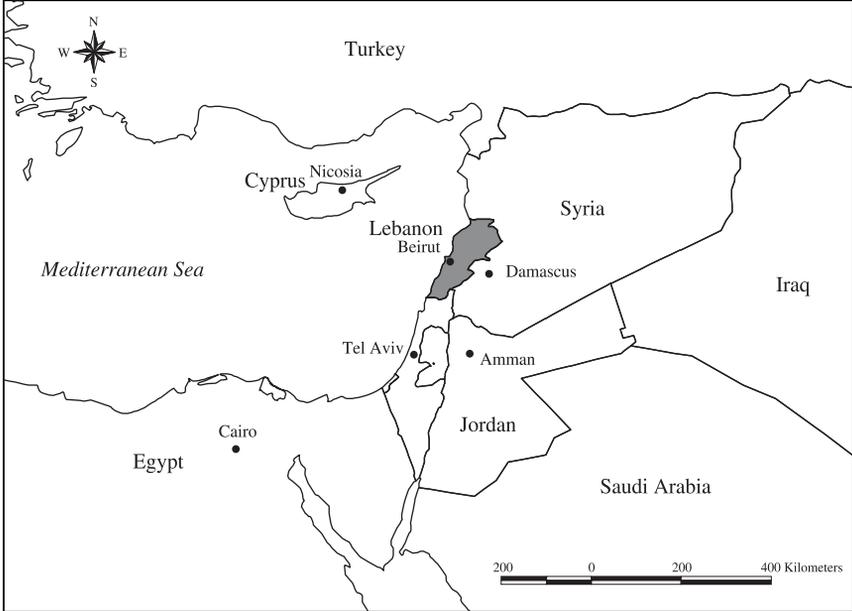


as in new business opportunities and untapped financial returns, or intangible as in increased goodwill and loyalty among potential customers. Alternatively, strategic CSR can be defined more narrowly to encompass focused philanthropic interventions with a clear flow of financial returns. Owing to relentless pressure by investors for increased returns and accountability, the trend will likely be toward more strategic-type CSR interventions in the future (Lantos 2001; Carroll 2001).

The appeal of strategic CSR cannot be easily discounted. The delivery of shareholder value, while also promoting societal value (or doing well while doing good), is certainly a desirable scenario for business corporations. This is particularly the case in developing countries where the drivers of CSR tend to be weak and where serious macroeconomic constraints may divert company attention to issues of basic viability and securing shareholder returns. However, as will be illustrated in the case study section below, strategic CSR goes against the grain of current philanthropic practice, particularly in developing countries. Most often, philanthropic contributions are distanced from business goals, undermining impact and value added.

The next section will thus present the findings of an empirical research recently undertaken in the Lebanese context. The research set out to examine closely the CSR interventions of firms operating

FIGURE 3 Lebanon's Location in the Middle East.



in Lebanon. The research methodology capitalized on in-depth interviews with eight companies that are considered active in CSR in the Lebanese context. The next section provides relevant information about the Lebanese socioeconomic environment to allow an interpretation of the findings within their proper contextual framework. The research methodology is then presented, followed by the main findings, discussion, and conclusions.

BACKGROUND INFORMATION ABOUT LEBANON

Lebanon is a small country located along the eastern shore of the Mediterranean Sea extending about 225 kilometers and an average width of 48 kilometers (Figure 3). Lebanon qualifies as a parliamentary republic with a centralized, multireligious, and multiparty government. Its quasi-democratic political system is based on power sharing between the country's confessional groups. The grouping of people

by religion plays a critical role in Lebanon's political and social life and has given rise to Lebanon's most persistent and bitter conflicts.

Since its independence from French rule in 1943, Lebanon has been characterized by large public freedoms, which have given it a distinctive position that made it a haven in the region: a place where different ideas, currents, and trends can thrive and interact. Peaceful multicultural coexistence, however, collapsed into violent warfare in the years 1975–1989. The conclusion of the Taef Accord of 1989 brought an end to violence and destruction and led to the reinstatement of security. However, the war, which Lebanon endured, interrupted the normal course of development, leading to an overall deterioration in political, economic, and social conditions.

Lebanon is now in the phase of reconstituting its political, economic, and social structures and institutions. The first phase of reconstruction and development, namely the rehabilitation of the physical infrastructure, has been completed and has largely re-established normal operations of public services. Daunting challenges, however, lie ahead particularly when it comes to economic recovery. Postwar governments have pursued monetary stabilization policies aiming at curbing inflation and regaining confidence in the national currency. Recent governments have had to go further in their stabilization policy to finance the growing deficit in the budget.

The main economic challenge confronted by successive governments in recent years has indeed been large recurring budget deficits, averaging more than 18% of estimated GDP over 1997–2004. Efforts to restore fiscal balance have generally been undermined by the high costs associated with sustaining the postwar reconstruction program. Fiscal issues have therefore tended to dominate policy making in the postwar years, limiting the government's scope to adopt more growth-oriented measures, and accentuating the need for greater reliance on the private sector to promote growth, generate employment, and improve standards of living.

While the Lebanese private sector has traditionally been the dominant engine of growth in a relatively open and liberal economic environment, its resilience is now being invoked to lead the re-emergence of Lebanon as a preeminent regional hub for trade and services. The private sector is rising to the challenge, but the constraints imposed by fiscal macroeconomic realities are real and the scope for private sector maneuver seems limited at best. The CSR initiatives—which will be explored in the following sections—therefore

need to be viewed within this general contextual framework of economic turmoil and uncertainty.

RESEARCH METHODOLOGY

The empirical section of this paper comprised a primary research, which was conducted in the Lebanese context during the months of April and May 2005. The sample consisted of eight companies operating in Lebanon that were selected because of their reputation and CSR involvement. Some of the companies were identified through their previous involvement in a United Nations Volunteers program, which represented a first attempt in 2002 to document information on business community practices in the Lebanese context. Other companies were selected because of the visibility of their CSR programs. For example, the two banks that participated in this study are renowned in Lebanon for their community involvement and philanthropic contributions.

The selected companies spanned different industries (Table 2). The sample therefore comprised two banks, one insurance company, one hotel, one manufacturer of hygienic products, one bottler of refreshment brands, one food processor, and one IT company. It is interesting to note that four of the companies are subsidiaries of international corporations (Microsoft, Tetra Pak, SMLC, and Le Vendome). The remaining four companies (or otherwise half the sample) are local in origin and scope. Such sample composition is potentially interesting, allowing a comparison of the extent to which the CSR practices of these local companies differ from their international counterparts operating in Lebanon, as well as the extent to which local subsidiaries have been influenced by the philosophy and CSR approach of their mother firms. Comparisons along these lines can indeed potentially enrich the discussion.

The companies were contacted first by phone, and then a formal introductory letter highlighting the aims of the research and its queries were sent to the companies. An in-depth interview was then scheduled and conducted by the author and one graduate student with the person(s) responsible for CSR. The interviewees were all managers, occupying top managerial positions in their respective organizations (e.g., heads of public relations/communications units; marketing and communications managers; and development regional

TABLE 2 Sample Profile

Company Name	Full Details	Line of Business
Microsoft East Med	Microsoft Beirut office, a subsidiary of Microsoft International	Provider of software, services, and IT for personal and business computing
Byblos Bank	A member of the Byblos Bank Group, a Lebanese financial institution	Retail and commercial banking, and financial markets
SNA	Societe Nationale d'Assurances, a leading Lebanese insurance firm	Life and nonlife insurance, reinsurance, and retirement insurance
Sanita	Member of Indevco for Development, a national conglomerate	Manufacturer of disposable hygienic products for retail and industrial markets
SMLC	Societe Moderne Libanaise Pour Le Commerce, a Pepsi Franchise	Bottler of refreshment brands: Pepsi, Mirinda, 7UP, Mountain Dew, and Tropicana
Tetra Pak East Med	Tetra Pak Lebanon, a subsidiary of Tetra Pak International	Provider of integrated processing, packaging, and distribution lines for food manufacturing
Bank Audi	A member of the Audi Group, a leading Lebanese financial firm	Banking, financial, investment, and insurance group
Le Vendome	A member of the Intercontinental Hotel Chain	A hotel/recreational center that combines Lebanese hospitality with French standards

directors). The interviews consumed an average of two hours, were conducted in English, tape-recorded, and transcribed.

The research used semi-structured interviews whereby an interview guide was prepared outlining topics/issues to be covered, but also leaving the interviewer to decide on the sequence/wording of questions in the course of the interview. While different aspects of the corporate social interventions of the companies participating in the study were explored, the next section will focus on findings pertaining to the main issues raised in this paper, relating to the type of CSR performed, and whether it can best be qualified as altruistic or strategic. The differing dynamics of altruistic and strategic CSR will be highlighted and implication drawn relating

to the usefulness of a strategic CSR approach in the context of developing countries.

RESEARCH FINDINGS

All eight companies participating in this study adhered to a voluntary action or philanthropic type conception of CSR. The understanding of CSR in the Lebanese context thus seems anchored in the context of voluntary action, with the economic, legal and ethical dimensions assumed as taken for granted. Indeed when asked about the type of CSR performed, all companies consistently referred to philanthropic type programs, with no mention of ethical considerations, legal compliance or economic interventions. CSR in the Lebanese context is therefore largely understood to comprise the philanthropic contributions that business firms make over and above their mandatory mainstream contributions and activities.

The distinction between altruistic and strategic CSR, on the other hand, was indirectly gauged by examining the nature of social programs that were selected for investment and whether they relate to and leverage the companies' unique capabilities. In this respect, the scope/spectrum of social interventions was extremely diversified, ranging from donations/programs involving the orphans and handicapped, to art and cultural development-type activities, to sports and music events, to educational and learning programs. Table 3 gives a flavor of the social programs mostly emphasized by the companies interviewed, allowing accordingly the classification of the CSR undertaken as altruistic or strategic.

Different aspects of these findings are deserving of attention. The first observation pertains to the prevalence of altruistic type CSR, with strategic CSR practiced by only two companies, namely Microsoft and Tetra Pak that happen to be subsidiaries of international firms. Within the altruistic batch, the majority of corporate contribution programs, although generally integrated under a coherent theme, are not linked to mainstream business goals, strategies, or activities. As revealed through the interviews, the nature of social contributions is determined in all cases as a result of enlightened entrepreneurship exercised by owners/managers of the enterprise.

It is interesting to note in this respect that none of the companies had a dedicated CSR official/office. Most of the companies managed

TABLE 3 Social Programs and Corresponding CSR Classification

Company	Examples of Social Programs	Altruistic vs. Strategic CSR
Microsoft	<ul style="list-style-type: none"> — Creation of an electronic library in the children’s science museum in Beirut — Sponsoring of a smart bus that rotates in rural areas, providing IT training — Donation of software to numerous NGOs and charitable organizations 	Strategic — IT development theme
Byblos Bank	<ul style="list-style-type: none"> — Sponsoring of the construction of various university campuses — Provision of student scholarships based on financial need — Introduction of a mobile bus library that rotates in public schools — In kind donations to public schools 	Altruistic — educational and learning theme
SNA	<ul style="list-style-type: none"> — Sponsoring of cultural festivals — Rehabilitation and face lifting of buildings in underprivileged areas — Yearly sponsoring of an international sculpture forum 	Altruistic — civic action theme revolving around the arts and cultural development
Sanita	<ul style="list-style-type: none"> — Distribution and planting of trees in a yearly environmental week — Awareness campaign emphasizing coexistence in a pluralist context 	Altruistic — national and economic, cultural and patriotic theme touching on environmental issues
SMLC	<ul style="list-style-type: none"> — Cleaning campaigns at public beaches and creation of points of sale 	Altruistic — sports and music that are of interest to the youth—the target market of the company

TABLE 3 Continued

Company	Examples of Social Programs	Altruistic vs. Strategic CSR
Tetra Pak	<ul style="list-style-type: none"> — Sponsoring of the national football team for six consecutive years — Cash donations to humanitarian, religious and charitable associations — Working with local communities to improve milk quality, animal welfare, and hygiene — Free public school feeding programs aimed at ensuring adequate milk intake 	Strategic — supply chain development from dairy production to dairy consumers
Bank Audi	<ul style="list-style-type: none"> — Sponsoring of various banking conferences — Sponsoring of major festivals — Granting of school scholarships 	Altruistic — community development and cultural enrichment theme
Le Vendome	<ul style="list-style-type: none"> — In kind donations to poor families — In kind donations to elderly homes 	Altruistic — charitable and in-kind donations theme

responsibility issues through an ad hoc committee comprising marketing, public relations, and management representatives. In some instances, the marketing department assumed sole responsibility for social issues management in accordance to guidelines set by top management. The management of CSR thus continues to be considered in the Lebanese context a public corporate affairs function, with the public relations department assuming responsibility for devising and monitoring the company's responses to social issues.

It is also worth noting that despite extensive descriptions of monetary contributions and various community philanthropic programs, all companies reported on their community investments, describing committed inputs (e.g., money, equipment) rather than outcomes. None of the companies systematically measured the impacts of its social investments. Moreover, none of the companies

had formally institutionalized its social programs, given that CSR budgetary allocations continue to be determined in all cases on a yearly basis in relation to expected profits and at the discretion of owners, managers, and marketing managers.

While the added value of these varied contributions is not to be undermined, such types of philanthropic voluntarism will never, in the view of business citizenship adherents, lead to the sustained commitments necessary to tackle serious issues and problems (Godfrey 2005). The lack of institutionalization also calls into question the sustainability of such CSR interventions. Requests for sustained investment inevitably call for strong arguments as to the expected impact on the bottom line. Hence, the continuity of such CSR interventions risks being undermined in view of their short-term orientation and distancing from business goals.

Two companies, however, stand out for their insistence on the alignment of CSR programs and interventions with core business goals and strategies. The two companies attempted to leverage their unique capabilities in support of their philanthropic programs, thus remaining focused, and promoting a convergence of interests between business and societal goals. For a better understanding of the dynamics of strategic CSR, the CSR approach of these two companies will be presented here and contrasted with the CSR approach of one of the companies in the sample that practices altruistic CSR.

Strategic CSR at Microsoft

Founded in 1975, Microsoft is the world leader in software, and Internet technologies for personal and business use. Riding the wave of globalization, Microsoft extended its reach and operations to more than 90 countries worldwide. Microsoft Eastern Mediterranean started in 1999 with a representative office in Beirut to oversee the company's operations in Cyprus, Jordan, Malta, and Lebanon. Beirut's office soon became a full-fledged subsidiary of Microsoft Corporation, and currently reports to the Middle East Africa headquarters in Istanbul, which falls under the wider Europe Middle East Africa region. Together with its partners and local development software companies, Microsoft East Med strives to provide innovative software solutions and services in all its Middle Eastern Mediterranean markets.

Soon after the inception of its Beirut office, Microsoft East Med initiated its CSR program under the guidance of Microsoft

International. With a CSR motivation rooted in the principle of good neighborliness, Microsoft East Med has been working in a systematic way on leveraging its unique capabilities/competence in support of more strategic CSR interventions. In this respect, Microsoft East Med has evolved clear guidelines for money allocation and a selective review process of contribution requests. Its various CSR activities have thus revolved around developing the information technology (IT) skills of the local community through the creation of various community training learning centers addressing the needs of different stakeholders.

By way of illustration, Microsoft has created the first Microsoft Electronic Library in the children's science museum in downtown Beirut. The facility offers 18 computers and a trainer, available to train children, women, and senior citizens who visit the museum. Microsoft has provided the hardware, software, and IT instructors while working on refining the content of trainings offered. Another interesting CSR intervention is the rotating "smart bus," fully equipped with computer facilities, which tours in remote rural Lebanese villages with limited IT literacy and access to technology, offering IT training to volunteers of different age groups. Through its Netcorps Project, Microsoft East Med is also working in collaboration with local NGOs in creating a network of computer training and educational centers that offer access to computers and Internet facilities to Netcorps Lebanese interns and beneficiaries. In parallel, Microsoft East Med has been working on building a refurbishing center that will work on receiving, refurbishing, and donating as appropriate old computers and software.

While these examples are by no means exhaustive and are intended to only provide a flavor of the CSR programs of Microsoft East Med, they clearly confirm its strategic CSR orientation. By focusing on social needs that affect its corporate context and utilizing its unique attributes as a corporation to address them, Microsoft is thus promoting the convergence of social and economic goals. This is very much in line with the context-focused philanthropic approach suggested by Porter and Kramer (2003) whereby Microsoft is not only attending to local social needs but also working on raising IT literacy and nurturing potential future customers, thus helping improve the firm's long-term business prospects. Microsoft East Med has thus been successful in leveraging its unique assets/expertise to address problems related to its particular field, creating the value added, with much greater sophistication and at a minimal cost.

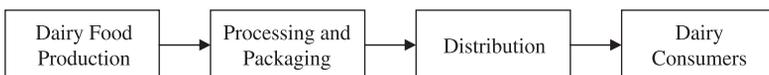
Strategic CSR at Tetra Pak

Tetra Pak began in Sweden in the early 1950s as one of the first packaging companies for liquid milk. Over time, Tetra Pak has successfully extended its reach into more than 165 countries, and moved into liquid food processing equipment and plant engineering solutions. Today, Tetra Pak is the largest packaging company in Europe and has expanded its line of work in parallel to cover the provision of integrated processing, packaging, distribution lines, and plant solutions for food manufacturing. The Tetra Pak East Med office in Beirut began its operations in 1998, and is guided by the values of the mother company.

Since its inception, Tetra Pak East Med has been working on linking its CSR interventions to its core business activities. As a leading supplier to the Lebanese dairy industry, Tetra Pak East Med recognized the need to support local milk production and consumption, within the framework of an integrated model “from the stable to the table” (Figure 4).

On the supply side, Tetra Pak has been working to catalyze progress in local milk production, working with indigenous local communities to improve milk quality, animal welfare, hygiene conditions, and equipment. Tetra Pak also offers relevant training to local farmers whose economic viability is essential to develop and feed Tetra Pak’s supply chain in a sustainable way. On the consumption side, Tetra Pak East Med’s efforts have primarily integrated awareness campaigns, promoting the merits of a healthy diet based on locally produced, good-quality dairy products. Tetra Pak has also initiated its Captain Mike school feeding program, which targeted 7,000 children from both public and private schools in its first year and involved the subsidization of the yearly milk pack subscription of public schools. The program aims at ensuring adequate milk intake among school children while providing health and nutrition-related awareness and education.

FIGURE 4 Tetra Pak East Med Supply Chain Model: “From the Stable to the Table.”



Tetra Pak East Med's CSR interventions are thus closely tied to its business goals and tailored to the realities of the competitive context in which it operates. The CSR interventions have been designed in view of the realities of a market whose dairy consumption is still largely dependent on imported powdered milk. This has necessitated a far more rigorous approach to philanthropy, tightly integrating the management of philanthropy with core business objectives, allowing in turn the reconciliation of social and economic goals. Tetra Pak East Med has thus been successful in tapping its unique capabilities and tailoring its CSR interventions to influence a vast network of entities in its cluster, including customers, suppliers, and other partners. This was based on the simple realization that the alignment of philanthropy with business strategies is possible and desirable, promoting win-win outcomes across the board.

Altruistic CSR at the Societe Nationale D'Assurance

Founded in Beirut in 1963, the Societe Nationale D'Assurance (SNA) is presently one of the leading insurers and providers of financial services in Lebanon. The SNA group consists of SNA Lebanon, which focuses on life, property, and corporate insurance; SNA Reinsurance, which specializes in technical and actuarial reinsurance services; and Axioma, an offshore company specializing in retirement insurance for Middle East expatriates. Through its alliance with AGF Allianz Group, SNA successfully extended its presence to over 70 countries, and was able to secure partnerships with other insurance companies in Jordan, Egypt, and Tunis.

Since its inception in 1963, SNA has worked on nurturing a diversified CSR portfolio, touching on the arts, culture, education, environmentalism, and human rights issues among others. In this respect, SNA has been sponsoring a variety of international festivals and art forums (e.g., Al Bustan Festival and the International Sculpture Forum) since 1973. It has similarly sponsored a variety of educational activities for children, including a road security contest, a movie designed to teach children about road signs, and vision tests for schoolchildren in the south. SNA has also sponsored environmental awareness campaigns, and worked with Help Lebanon, a local NGO, on the rehabilitation of buildings in poor neighborhoods. It has also been an ardent supporter of the rights of disabled people, and has sponsored a local TV show revolving around this theme.

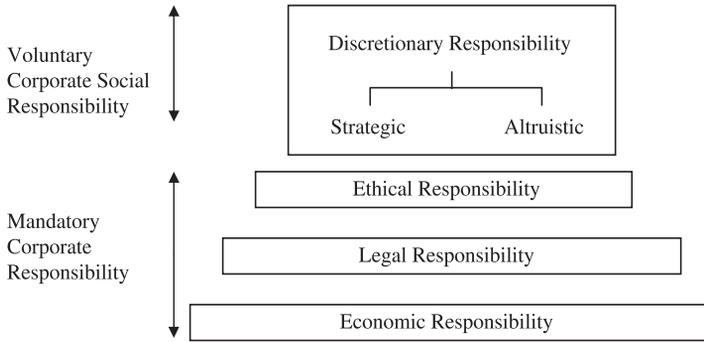
While the contributions of SNA are not to be undermined, they are mostly scattered/diffuse and not tied to the core competence, activities, or strategic business goals of the company. In the context of our discussion, it is thus fair to characterize this kind of philanthropy as altruistic. Admitting that philanthropy is never an exact science and that variations in the pursuit of social goals are expected, the choices of intervention areas in the case of SNA seem unpredictable and idiosyncratic, undermining in turn the ability to promote systematic outcomes through a more focused approach. In its eagerness to make a difference on various fronts, SNA may have compromised the ability to have a greater impact through better planning and giving in ways that capitalize on its unique strengths and expertise.

DISCUSSION OF FINDINGS

Our excursion into the CSR understanding and practice in the Lebanese context reveals that CSR is still largely perceived as comprising the voluntary philanthropic contributions made by companies over and above their mainstream contributions. This first finding lends tentative support to the distinction made by Lantos (2001) between mandatory CSR (ethical) and voluntary CSR (social). Given that the understanding of CSR in developing countries seems grounded in the context of social voluntary responsibility, it is advisable, as illustrated in Figure 5, to contemplate restricting the use of the term CSR to social voluntary responsibility, while the term corporate responsibility can be used for economic, legal, and ethical responsibilities. While these latter responsibilities are also obligations to society, they are not social in nature. This point will be revisited and dwelled upon in a separate paper.

Our small excursion also reveals that the social philanthropic contributions made by companies operating in Lebanon largely qualify as altruistic in nature. This is not meant to undermine the investments and contributions made, but rather to factually highlight the distancing of social interventions from core business competency areas and long-term strategic goals. In way of illustration, sponsoring art festivals may be worthy for an insurance company, although it does not leverage opportunities related to the company's core business. On a similar note, the donation of a one-off sum to a

FIGURE 5 Proposed Distinction Between Voluntary and Mandatory CSR.



local charity may be an ethical and morally sound action for a hotel chain, but does not capitalize on the firm's unique capabilities.

Inherent in strategic CSR is the idea that companies should direct their social philanthropic investments to areas relevant to the company. A conscious attempt at linking philanthropic interventions with long-term strategic goals offers prospects of greater credibility and value added. A company can impact its community stakeholders in more meaningful ways through a directed strategic CSR approach that taps its unique capabilities and that tailors to the local context. In this respect, companies face challenges relating to good planning and a consideration of internal resources/competences and local peculiarities to fully exploit strategic potential.

Revisiting the case studies presented earlier, it seems that the two companies practicing strategic CSR have attempted to influence different elements of their competitive context. For example, based on Porter and Kramer's (2003) study, Microsoft has attempted to influence input factor and demand conditions through its focused strategic CSR approach while Tetra Pak has attempted to influence the rules for competition/rivalry and related/supporting industries, by investing in suppliers and infrastructure that support the industry in which it competes. Both companies have thus aligned philanthropy with their unique strategy, increasing benefits accruing to the company through contextual improvements.

While some perceive strategic philanthropy as self-serving and insincere (e.g., Jones 1997), it is indeed a more pragmatic and viable option in the context of developing countries. Admitting that studies on CSR in developing countries are still scant, available evidence suggests a continued overwhelming concern with profitability and lower priority accorded to social responsibility in view of more pressing survival issues (Fulop et al. 2000). Looking for ways to align self-interest with the larger common good thus offers prospects for forward-thinking organizations to conceive of CSR as a meaningful part of their business strategy and as an orientation that can bring benefits to the company.

As the winds of change blow stronger in the context of developing countries, and as local companies face the harsh competitive dictates of the global marketplace, the reconciliation of societal concerns with bottom-line performance becomes even more compelling. Our findings suggest that international corporations and their subsidiaries are already in active search of creative ways to professionalize their contributions function and align self-interest with the larger social good. This is likely to be a continuing trend and an important cue for developing country managers to follow suit. The research reveals a strong sense of social responsibility among local managers that needs to be further nurtured and properly channeled over time.

CONCLUDING REMARKS

Strategic philanthropy is an increasingly popular term in the CSR literature. As revealed through the case studies presented here, strategic philanthropy is not a myth. Nor is it very difficult to enact in practice. At its core, strategic CSR involves a conscious attempt at establishing a connection between the company's business and its social contributions. When systematically pursued, strategic CSR allows companies to maximize added value, provides direction and justification for the investment of resources, and can unlock a vastly more powerful way to make the world a better place (Porter and Kramer 2003).

A common misconception is that strategic philanthropy is self-serving and insincere (Jones 1997). This is the main reason why many companies shun publicity and favor CSR initiatives that are

distanced from their core business activities. However, in doing so, companies may be missing tremendous opportunities to create greater value for society and themselves (Porter and Kramer 2003). Through strategic CSR, corporations cultivate a broad view of their own self-interest while instinctively searching for ways to align self-interest with the larger good and reconciling their companies' profit-making strategies with the welfare of society (Smith 2003).

This effort at reconciling self-interest with the larger common good offers particular promise in the context of developing country, in view of the scarcity of resources and the less than favorable contextual conditions. This makes it even more imperative for companies to explore ways to tie their giving of precious business dollars more closely to corporate strategic plans and objectives. Indeed, in view of its tangential relevance to organizational goals and strategies, altruistic CSR can easily deteriorate into a nice-to-have luxury that creates a feel-good factor for managers, but can be dispensed with when the times get tough.

Arguments against strategic CSR can easily be refuted by a simple insight, namely that all contributions are disguised profit-motivated expenditures (Hemingway and Maclagan 2004). It could indeed be argued that the motivation for engaging in CSR is always driven by some kind of self-interest (Moon 2001), regardless of whether the activity is strategically driven for commercial purposes alone, or whether it is also partly driven by what appears as an altruistic concern. As Rollinson (2002) observes, "it is always difficult to tell whether behaving ethically towards external stakeholders is prompted by altruism or self-preservation."

Based on the simple realization that promoting societal welfare does not preclude the systematic pursuit of the strategic interests of the firm, strategic CSR implies the integration of philanthropy into the corporate strategic management process. In practice, this translates into a systematic effort at professionalizing the contributions function, tying contributions to strategic goals, evolving a set of guidelines for money allocation, as well as criteria for quantifying the impacts of social investments (Mescon and Tilson 1987). The underlying appeal of this new style philanthropy lies in its reconciliation of societal interests and bottom-line performance, a consideration that developing country firms can certainly not afford to overlook.

Embarking on a strategic CSR program is thus a major commitment, one that may require changes in the way responsibility management

has traditionally been approached. It should not be taken lightly, nor be conceived as something apart from the business. Rather, it implies a new way of doing business, coupled with the judicious deployment of existing knowledge and processes to accommodate new expectations of the business sector. While a fundamental re-orientation to responsibility management may be called for, the benefits of such strategic repositioning are likely to outweigh the costs, allowing in turn the nurturing and preservation of philanthropy—the oldest form of corporate social behavior.

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