Master's Dissertation

Corporate Social Responsibility in UAE:
A Case Study of Jumeirah Group's CSR Practices

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Abstract

In the past decade focus on Corporate Social Responsibilities (CSR), environment and sustainability have been on rise. Modern organizations are supposed to be aware of these issues. Most of the international and multinational companies have many rules and regulations to be compatible with the standard expectations regard environment and ethics. CSR is a more important issue in developed countries therefore in some developing countries multinational companies have realized the importance of CSR in global business platform. All the companies wanting to enter the international trading and business networks have to act responsible regarding environment and society.

UAE is a country known for being multinational. Many international companies have opened area offices in UAE. In the past recent years UAE rulers have started realizing the value of CSR in global context. Implementing rules and regulations, organizing seminars and rising awareness are some activities taken by UAE government regarding CSR. Therefore as a developing country in Middle East UAE still has a long way to go to be able to compete with Europe or North America in this regard.

UAE is one of the leading countries in Middle East in term of tourism industry. Every year a great number of tourists visit UAE. UAE Tourism industry has a very important role in UAE economy. To remain a tourist attraction spot, UAE tourism industry has to comply with the global standards. Currently demand for eco-friendly and sustainbable hotels is on rise. Therefore there was not much attention to CSR and environment in any of the Middle East countries. Fortunately in the past few years UAE rules have put a stress on the importance of implementation of CSR and environmental rules and regulations to protect the natural resources of the country, support ethics in business transactions and act in accordance with the global standards.

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Chapter One
Introduction

Public concern regarding the impact of commercial activities on the environment has increased significantly in the past decade. Sustainable development needs various leading lights in society and encouraging greener economic growth.

Businesses in the UAE know what to say regarding awareness, commitment and recognition of the benefits of being a responsible corporation, yet they are not putting their money, or their actions, where their words are in a sustainable manner that links corporate responsibility to core business strategy and long term growth.

According to data management and research department of chamber of commerce and industry, findings from research studies show that 72% of managers of local businesses are ‘highly’ aware of concepts relating to corporate responsibility, 93% are ‘much’ or ‘very much’ committed to it, and 86% believe that ignoring corporate responsibility will have a negative impact on the firm’s bottom line.

These figures give us some assurance that awareness of corporate responsibility at management levels is far above the ground and is being acted upon in the local market.The findings from this report demonstrate that local companies recognize the need to ‘talk to talk’ but are clearly taking little effective action in strategic manner for the benefit of the business.

The growing desire to position the UAE as a first class tourist, financial and real estate center on an international scale is forcing businesses to take note of the global corporate agenda as they recognize the need to raise local practices to meet those of an internationally accepted and expected standard issues such as financial transparency, accountability, responsibility and environmental impacts. Environmental impact is a great issue in the whole Middle East and specially UAE. Waste management is one of the most important challenges within Dubai.

According to P.N. Surendra Prasad, environmental study officer at the waste service section of Dubai Municipality, Dubai is in the initial stages for marketing recyclables products. The new companies which produce these products from recyclable waste as their source material will benefit from a new law banning export of all types of waste from the emirates. The law came into effect on May 6, 2006.

UAE is still in the early stages of finding an adequate solution for implementing eco friendly projects.

1.1 Problem Statement:

CSR is a well-established concept in the west. There are special agencies dealing with CSR, specialist websites, specialist publications, myriad of books on CSR. The UK has even appointed a government minister for CSR. Therefore in UAE among local and regional companies CSSR remains embryonic, but there is a growing awareness of it. Many Middle East CSR summits and conferences are now in their second year, bringing together government and business leased in open debate (ameinfo.com).

A large number of businesses within UAE have policies regarding employee behavior, health and safety and irrespective of the business sector. Public companies ranked highest on the usage of international "Corporate Responsibilities" guidelines and standards. The most important areas which has been on spotlight has been bribery and corruption; where 46% of public companies use such guidelines, while only 14% of family owned businesses, 8% of governmental companies, and 20% of others do so (Corporate Responsibility Awareness in the United Arab Emirates, 2006).

A minority of companies have policies regarding: Anti-discrimination, Environmental impact, consumer policy, community relations and work life-balance.

Environmental impact is one of the most important issues in UAE which needs a serious attention. UAE is becoming an important destination for investors and also for tourists. The massive construction projects in UAE need to be aware of their impact on environment otherwise after several years the whole country may face serious problems regarding environment.

UAE is facing several problems in the battle against environmental impact and CSR. These problems have been subjects of discussions for the past few years and the leaders of the company have been stressing on implementing projects based on CSR and environment. Therefore all the Middle Eastern countries have a long way to go to be able to have CSR as a business hardcore. One of the most important issues that UAE is facing regard CSR is that:

- There is no professional CSR advisor available in the country. There have been some consultants and advisors being invited from western countries but these professionals are familiar with solutions in their countries and UAE need some experts who know the logistics, nature and eco system of the region.

- Outsourcing advisors from abroad is a good beginning but there is a need for locals to be trained and start developing tailed methods and solution for the region.
- There is no guideline for evaluating the company's activities. We may know that company X,Y and Z reduced their emissions, but we do not know if we are moving toward reaching an acceptable level of emissions for an industry as a whole (Blowfield, 2007)
- For promoting sustainable and environmental friendly activities in the country, first the government needs to define a CSR guideline. After developing a guideline government can encourage organizations and companies to build up their own code of conduct.

CSR's impact on environmental management is a strong link between financial and non-financial performance. The often significant improvements in environmental management are largely attributed to their neutral or positive impact on the financial bottom line. For example, reduction in waste or water usage quickly appears as positive outcome on the balance sheet, while even more costly investments, such as emissions-reducing technology, have been shown to pay in the longer term (Blowfield, 2007).

Companies have been undertaking too much effort toward implementing CSR practices with out having a common guideline, governmental support, or independent verification. The lack of a defined framework for CSR or sustainable investment explains the misbalance between private, public and Third Sector initiatives.

1.2 Aim

Global awareness regarding CSR has been rising in the past two decades and United Arab Emirates hasn't been excluded. Although none of the countries in the Middle East can be compared to the Western countries regarding this matter, therefore United Arab Emirates has started to take serious actions on the subjects of Corporate Social Responsibilities, sustainability and environment. In developed countries most of the managers have a precise understand of the CSR concept and practices hence in developing countries most of the companies are facing serious challenges regarding defining CSR.

Opening offices by international companies in UAE has been a great motivation for promoting CSR in UAE. Business leaders and government rulers are more concerned with sustainability, environment and ethical business practices. International companies have developed some methods to adopt a strategy to comply with their head quarters. Therefore local companies have created CSR strategies themselves and turn it to a business core.

Aim of this research is to provide a through understand of CSR and all related terms. After developing a proper understanding of the issue CSR practices in Asia, Arabic Countries and at the end UAE will be examined.

The main objective of this research is to study CSR practices in an Emarati hotel management expert in managing luxurious five star hotels, called Jumeirah Group. Jumeirah Group opened their first hotel in Dubai and after achieving a huge success in managing field has gone international and now they are opening branches all around the world. CSR is an important issue for a company which is aiming to develop an international reputation in any industry. Tourism and Hotel management field have been more focused on the CSR and environment issues for the past two decades. All the huge chain hotels have been implementing strategies and rules to comply with global standards. Issues such as environment, working ethics and being responsible toward the society have been getting much more attention than before.

Jumeirah Group was selected because it is one of the first Emarati chain companies that are conscious about CSR and CSR is a part core part of all their activities. On the other hand Jumeirah has another great role in the region because it is one of the few companies that are originally Emarati and have expanded its activities to the international level.

In this paper it has been sought to study Jumeirah's CSR strategies so it can be role model for other companies in the region. The other aim of the research is to look into the problems Jumeirah is facing regarding being sustainable due to culture, weather, lack of government support and etc.

1.3 Objectives

The main objective of this research is to:

- Present a comprehensive definition of the CSR and all related terms.
- Studying the CSR practices in developed and developing countries and understand the differences.
- Understanding the nature of tourism industry in context of CSR.
- Spending time on site collecting data, analyzing and compiling data into a case-study report about CSR practices in Jumeirah Group.
- Indulging the challenges that Jumeirah group is facing regarding being a sustainable and ethical company.
- Providing advice and solutions for business leaders to manage their operations in a way that is efficient, sustainable and promotes economic opportunities for the whole society.

To produce a qualitative case study, there is a need for a guideline to examine how the company is performing in meeting CSR minimum requirements. Thus a thorough research has to be done regarding the initiatives that can be used within the country and after obtaining a guideline we would be able to assess the company's progress.

The obtained guideline is based on current CSR practices. The obtained guideline should be based on assessment of the current CSR practices benchmarked against internationally accepted practices. In order to meet this target, a broad study has to be done. Studying CSR practices in other countries and examination of the compatibility of each one to the country's culture, laws and nature of businesses can be beneficial for developing benchmarks. After finishing this step it is possible to develop a new guideline for how to implement projects based on CSR within the UAE.

CSR has a great role in improving the working condition for employee. Many companies consider CSR as an external issue therefore CSR is supposed to be a part of business core and it only by implementing the practice internally companies can achieve their external objectives regarding CSR. Company's CSR practices have a direct effect on its reputation. In the modern global market reputation of the company can be seen as a corporate asset.

For implementing CSR in a corporation an effective method is to flow information to shareholders on the issue is supposed to be designed. Corporate governance rules can be embedded effectively by a strong risk-management method or by internal audit mechanism. The objective in all CSR related activities is to align corporate behavior with wider environmental and social goals.

1.4 Research Pattern

This dissertation consists of five chapters. In each chapter it has been tried to follow a path that leads to a comprehensive understanding of the subject of the dissertation.

The chapter contents are as follows:

Chapter One – **Introduction:**

Introduction chapter is providing an overview of the aim of the research and objectives. This chapter provides an overview about CSR and prepares the reader on what to expect from this research. The aim of the research is to present a through definition of CSR and related terms and examine Jumeirah group CSR practices as one of the pioneers of being sustainable and ethical company in UAE or even in the region.

Chapter Two – **Literature Review:**

The aim of this chapter is:

1. To offer a comprehensive definition of terms related to CSR such as sustainability, Code of conduct and etc.
2. To evaluate existing researches on CSR and examine different point of views on this matter.
3. Observing CSR practices in developing and under development countries and highlight the challenges organizations are facing in under development countries.
4. Understanding the nature of tourism industry and evaluate CSR practices in Hotel chains.
5. Examining current CSR Situation in UAE.

Chapter Three – **Methodology:**

The chapter describes the method adopted to achieve the objectives of the research. This is a “case study base” research. The first step was to carry a pilot study on Jumeirah CSR practices. The next step was conducting interviews with senior managers, CSR executives and employees working in Jumeirah. Spending time in different Jumeirah’s properties and observing their CSR practices have been also a part of the research.

Chapter Four **– CSR Practices in Jumeirah Group:**

Chapter four reports the results obtained from studying CSR practices in Jumeirah group. The first part of the chapter provides an overview of the Jumeirah Group. Jumeirah’s vision and mission and code of conduct have been examined in this chapter.

The second part of the chapter is looking at the guidelines and strategies used in Jumeirah regarding CSR. Examples of CSR practices Jumeirah is using have been concluded in this part to provide a better understanding of Jumeirah’s efforts regarding CSR.

Chapter Five **– Recommendations and Conclusions:**

The last chapter of the research is presenting recommendations and conclusions based on the literature review and the case study results. The conclusion part is highlighting the challenges and opportunities Jumeirah is facing in regard to CSR. Next part of this chapter is the problem statement. Problem statement sheds light into the problems Jumeirah is facing concerning CSR.

The last section of this chapter is recommendations for future research in the area of Corporate Social Responsibilities, Sustainability and environment in the UAE and tourism industry.

Chapter Two
Literature Review

2.1 Corporate Social Responsibilities (CSR) Definition

Corporate Social Responsibilities (CSR) has been referred to many references such as corporate citizenship or business ethics, in work place, in the government, in communities and in media. While there is no agreed-upon definition, the World Business Council for Sustainable Development defines CSR as the business commitment and contribution to the quality of life of employees, their families and the local community and society overall to support sustainable economic development (Lockwood, 2004).

CSR first arose in the 1950s; however it was in the late 1970s that the academic debate really started to form (Carroll, 1999).

"Center of Responsible Business (CRB) defines CSR as a comprehensive set of activities, practices, policies and behaviors that are integrated into the core business culture, operations, strategy, and decision-making processes throughout a company, and it includes taking responsibility for current and past actions as well as assessing the impact of its actions on the future. As its broadcast level, CSR typically included issues related to marketplace, workplace, community development, supply chain, environment, governance, human rights, local culture and heritage. CSR goes beyond charity and requires that a responsible company take into full account the impact of its decision on all stakeholders." (Rettab and Ben Brik, 2008)

Numerous of small corporations are expanding and altering their status from family owned business into a proper and disciplined organization. Changing the constitution needs the corporations to add more transparency, accountability, fairness and credibility. The governance of these units is often confused with the corporate social responsibility. "The system adopted by those at the helm of their affairs to effect the entities' proper management, it also involves an application of the rule of law, accounting standards and ethics necessary to obtain social trust and improve the methods and techniques applicable in running the affairs of these companies" (Di Piazza, 2002)

BITC (Business in the community association) has provided another definition for social responsibility: ". . . the management of a company's positive impact on society and the environment through its operations, products or services and through its interaction with key stakeholders such as employees, customers, investors and suppliers" (Business in the Community, 2005).

The 'Father of CSR 'Howard Bowen (1953), defined it as 'the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society'.

Social Economic Council defines CSR as: "A firm takes on a visible role in the society which goes beyond the core business and beyond what the law requires and which leads to added value for the company and the society."(2001)

According to Blowfield (2007) "Making the business case has grown in importance as the focus of corporate responsibility has moved from philanthropy and generally giving a proportion of revenues back to society, to the function of corporate responsibility in core business activities."

According to Marrewijk (2003) "Too often, CSR is regarded as the panacea which will solve the global poverty gap, social exclusion and environmental degradation." Employers' associations emphasize the voluntary commitment of CSR. Governments and some Non-Governmental Organizations (NGOs) consider public-private firms are capable of rejuvenating neighborhoods. Moreover many management methods have considered CSR as a suitable method for their purposes, such as marketing, quality management, communication, financial controls, human resources management, and reporting. Each method presents views on CSR that precisely suits their situation and challenges. The recent notions and descriptions are therefore often biased towards specific interests (Marrewijk, 2003).

The CSR acronym does not include the word "Environment". Therefore numerous researchers such as Fig (2005); Tchopp (2005) and Graff Zivin and Small (2005), include corporate greening in CSR discussion. In some studies environment is considered as one of the many stakeholders, and this point of view makes corporation responsible to being accountable to the environment as a part of their responsibilities.

Originally, Corporate Social Responsibility was, and in some aspects still is being used to classify the philanthropic function and responsibilities the firms voluntarily carry out in their communities, such as charitable donations. Carroll

(1991) identifies "being a good corporate citizen" with a specific element of CSR, namely philanthropic responsibilities, identified as his fourth level of CSR.

Corporate social responsibility includes four types of responsibilities: economic, legal, ethical, and discretionary (Carroll, 1979; Lewin et al. 1995; Wood 1991; Wartick and Cochran 1985).

Economic responsibilities: These responsibilities consist of the obligations for businesses to maintain economic wealth and profit, maintain company's revenue and to meet consumption needs.

Legal responsibilities: These responsibilities mean that businesses must accomplish their economic mission within the legal requirements framework.

Ethical responsibilities: These are responsibilities that require businesses to stand by the moral rules defining proper behaviors in society.

Discretionary responsibilities: Responsibilities that are equivalent to philanthropic responsibilities and reflect public desire to see corporations get enthusiastically concerned in the betterment of society.

Marrewijk (2003) states that "Each company should choose – from the many opportunities – which concept and definition is the best option, matching the company's aims and intentions and aligned with the company's strategy, as a response to the circumstances in which it operates." According to Chairman of VNONCW, the Dutch Employers association " there is no standard recipe: corporate sustainability is a custom- made process" (Quote in the Volkskrant: "Er zijn geen standaardrecepten: MVO is maatwerk).

Donaldson and Preston (1995) suggested that firms do not have responsibilities toward society; their only responsibility is toward stakeholders. Key stakeholders consist of shareholders or investors, employees, customers, suppliers, and "the public stakeholder group: the governments and communities that provide infrastructures and markets, whose laws and regulations must be obeyed, and to whom taxes and other obligations may be due" (Clarkson, 1995).

In recent years, society's interest has been increased in responsible behavior of companies. Therefore nowadays a lot of companies are interested in values such as transparency and expanding ethical codes to encourage responsible behavior among their employees (Graafland and Eijffinger, 2004).

Zadek (2001) has categorized the "generations" of CSR in to three main steams regarding the stages of sophistication. The first generation has established that business firms are able to contribute to the general public with not risking their commercial success. In the present day, the next generation is developing more fully as CSR is becoming an essential part of companies' enduring business strategies progressively. The third generation deal with significant societal matters, for instance poverty and environment. (Zadek, 2001)

The key issues of CR can be listed as follow:

1. Corporate governance
2. Financial transparency
3. Business ethics management
4. Employment practices and discrimination
5. Employee misconduct and corruption
6. Worker health and safety
7. Corporate philanthropy
8. Energy consumption and environmental concerns
9. consumer protection

20th century’s progression increased the awareness among numerous rural residents, especially in under developed countries. Societies acquired awareness about the infiltration of the industry and the fundamental changes have been made in their physical environment and their respected principles. They realized that industrialization has affected their communities not necessarily as an improvement and in toward their wellbeing (Akpan, 2006).

Idea of development that had come to be represented by industrial expansion and the pursuit of economic gain were driven by corporate interests, and that ‘competition and utilitarianism were its cornerstones’ (Akpan, 2006).

International organizations such as the United Nations and the World Bank, Development (DFID) in the UK, have embraced CSR in the hope that the private sector can play a key role in achieving developmental goals aimed at poverty alleviation. The UK’s DFID is confident that that, ‘by following socially responsible practices, the growth generated by the private sector will be more inclusive, equitable and poverty reducing’ (Newell & Frynas, 2007).

Evaluations of CSR widely focus on separate aspects such as working conditions, business community relations, environmental management, labors rights, corporate accountability structure. These days attention is being focused on sets of indicators which provide more comprehensive framework recognized in the concept of ‘sustainable development’ (Utting, 2007).

Pearson (2007) states that the Other forms of CSR can also have other targets including environmental sustainability, health and safety commitments and compliance with fair-trade premiums in commodity markets, as well as philanthropic activities and good practices principles about the treatment of host country employees or the support of local production in some areas.

The development of CSR in the 1980s and 1990s have had two main drivers; first, increasing concern about the environmental impacts of business practices; second, what were called ‘social issues’, a term which in this subject is related to concern for labor-related issues.

According to the European Environmental Agency (EFA, 2005), CSR is the largely ‘voluntary process’ whereby companies ‘interact social and environmental concerns in their business and the way they interact with stakeholders’ .A more widely used definition of the term is that offered by the World Business Council for Sustainable Development (WBCSD), which defines it as the ‘commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life’ (Swanson, 1995).

The role of the law is not necessarily to set absolute standards, but to create an incentive structure under which companies which minimize harms are rewarded, ad those which increase them are penalized. This requires the creation of information flows which more accurately capture the externality creating effects of corporate behavior. A mechanism is supposed to be designed for implementing CSR within a corporation to be able to align corporate behavior with wider social and environmental goals, in which managerial, financial and regulatory aspects are combined in a mutually reinforcing way (Deakin and Hobbs, 2007).

In the CSR context understanding impact is essential if the field is to defy its critics and move from being a ‘feel-good’ thing to becoming recognized as a ‘good thing’. This is especially important in the context of CSR’s relevance to developing countries.

The emphasis on CSR has become so great with the introduction of guidelines and measurements such as SA8000 code of labor practices and the Global Reporting

Initiative's Sustainability Reporting Guidelines intended to allow companies to measure and compare their social and environmental performance (Blowfield, 2007).

There is an intense debate on the adoption of an accountable managerial policy and the consequences related with them. Traditionally managers expect formalized procedures that might impact their managerial processes and strategies in corporate. There is a growing emphasis how to integrate CSR into corporate strategy and make it one of the elements of business core. Porter & Kramer (2002) call for corporate philanthropy to be deeply rooted in a firm's competences and linked to its business environment.

According to Trade Union Congress "Employment standards in British companies are not something that has featured as an aspect of CSR. CSR is about poor people in developing countries. It is not about how you treat your workers at home. We are struggling to work with business in the community to try and get their member organizations to understand that it is important. The way you treat your workforce is a hallmark of how responsible you are as an employer and as a company. But, I would say it has simply not featured in the mainstream of the CSR debate at all.

The trade union AMICUS provided a similar view about companies' attitudes to the content of CSR. "CSR is what happens outside the workplace as far as companies are concerned. It does not relate at all to what goes on within. Many of the companies that have apparently good policies on CSR issues are some of the worst examples of working hours. Not so much with their own staff, but three-quarters of the staff they employ is contractors and they know that the contracts that they issue must demand that the contracted staff work these additional hours. It is the only way it can happen."

Methods each firm choose to approach sustainability hinge on many different factors. According to Lynes and Andrachuk (2008) "The differences in countries' languages, religions, social organizations, laws, politics, education systems, values and attitudes affect the relationship between individuals, organizations and the political domain. Internal leadership, in the form of an 'environmental champion' is often identified as being strongly influential in the degree to which a firm takes on corporate environmental responsibility, while social champions do not appear as prominently in the empirical evidence on motivations for social responsibility."

2.2 Corporate citizenship

The ongoing academic debate on corporate citizenship has focused on highlighting the political nature of CSR. For instance, many CSR activities of companies today, such as the global fight against HIV/AIDS, or responsible forms of advertising, are carried out in close cooperation with political actors, such as government departments, non-government organizations, and so on. Some researchers consider CSR to be equal to corporate ethics and more recently, businesses' social activities has been called "corporate citizenship." Corporate citizenship has an economic face, a legal face, an ethical face, and a philanthropic face (Carroll, 1997).

According to Carroll (1998) good corporate citizens are expected to:

- Be profitable (carry their own weight or fulfill their economic responsibilities)
- Obey the law (fulfill their legal responsibilities)
- Engage in ethical behavior (be responsive to their ethical responsibilities)
- Give back through philanthropy (engage in corporate contributions)

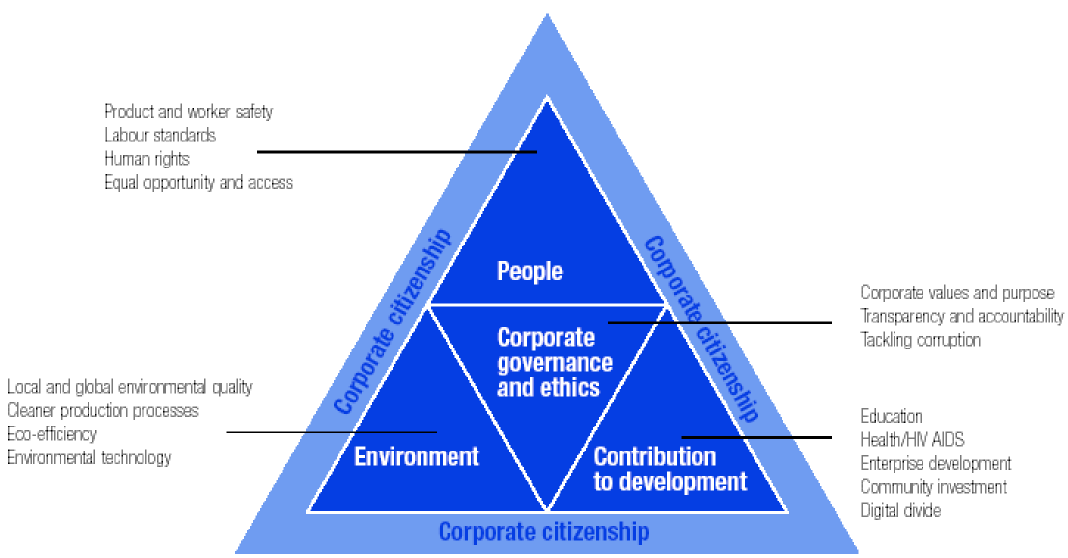
Good Corporate citizens earn enough money that their investors receive a strong return on their investments and that other stakeholders are assured of the continuity of the business and the flow of products, services, jobs, and other benefits provided by the company. "Citizenship involves the day-to-day practices of the firm as they impact (and are impacted by) stakeholders. It is in these operating practices that a company's social performance is articulated" (Waddock and Smith, 2000).

Corporate citizenship designates the plans and organizational processes implemented by businesses to meet their social responsibilities. Even though corporate citizenship is a term frequently employed by business practitioners (Miller 1996; Smith 1996) some scholars even suggested that corporate citizenship is synonymous to corporate social performance (e.g., Lewin, Sakano, Stevens, and Victor 1995; Pinkston and Carroll 1994).

While corporate social performance investigates moral, managerial, and sociological issues, corporate citizenship is concerned with a narrower domain: it designates solely the set of activities undertaken by businesses to concretely meet social demands responsibly (Maignan, Ferrell and Hult 1999).

Carroll (1979), and Clarkson (1991, 1995), corporate citizenship is expected to vary along a continuum ranging from proactively to reactivity. A business is reactive in terms of corporate citizenship when it rejects the responsibilities assigned by its stakeholder groups. A firm is proactive when it is aware of, anticipates, and meets its stakeholders' demands. Employee commitment designates "the extent to which a business unit's employees are fond of the organization, see their future tied to that of the organization, and are willing to make personal sacrifices for the business unit" (Jaworski and Kohli 1993).

Corporate citizenship can have multiple applications. For example, it may be used as a core argument in internal promotions aimed at stimulating employees' motivation, in external advertising intended to improve customers' image of the company, and in negotiations with community leaders. As a potential source of competitive advantage, corporate citizenship may be associated with higher performance levels (Maignan, Ferrell and Hult 1999). According to Carroll an ideal corporate citizen makes every effort to increase its revenue, at the same time as fulfilling its citizenship obligations to society. This has to be executed simultaneously and not sequentially in the quest for model corporate citizenship. As soon as a significant number of corporations accomplish such achievement, the stakeholder environment of the twenty-first century will thrive.



This graphic from the world economic forum is a convenient way to summarize the scope of CSR.

2.3 Acceptance of CSR by Shareholders:

Breadth of institutional holdings is an important factor. Institutional investors have been called universal owners” because, on the one hand, they collectively represent the large mass of wage earners and savers in societies such as the UK and the USA which are heavily reliant on private sector pension and insurance provision, and secondly because they tend to take a small but significant stake in nearly all listed companies as a way of spreading risk. This dual universalisation” of the role of the shareholder means that the institutions have strong incentives to encourage companies to avoid strategies based on the shifting of costs on to third parties or society at large, since whatever the short-term benefit for the company and its investors may be, over the longer term these costs will inevitably come home to the institutions and their own principals” in some form or another pension fund beneficiaries and savers are also employees with an interest in a high quality of employment, and individuals who would like to breathe unpolluted air (Deakin and Hobbs, 2007).

Do shareholders gain when a firm’s strategies include disbursing corporate resources through participation in social initiatives commonly (Godfrey et. al 2008). Most often the generation of financial performance occurs through some type of resource-based process, such as the creation of stronger exchange relationships with customers (Brown and Dacin, 1997) or employees (Turban and Greening, 1997), the co-option or forestallment of government intervention (Neiheisel, 1995), or the enhancement of future revenue growth (Lev, Petrovits, and Radhakrishnan, 2006).

Our work begins with the general question that opened the article and moves to a more informative question ‘when do shareholders gain if a firm’s strategies include disbursing corporate resources through participation in social initiatives?’ In particular, we investigate when participation in some types of CSR activities creates a form of goodwill or moral capital for the firm that acts as ‘insurance like’ protection when negative events occur (Gardberg and Fombrun, 2006; Godfrey, 2005) that preserves shareholder value (CFP) Thus, this article investigates a different aspect of the CSR-CFP relationship; namely, that CSR activities can provide an insurance mechanism to preserve rather than generate CFP.

It has been proposed that the resultant moral capital may have little to do with generating economic value, but plays a substantial role in preserving economic value.

CSR activities also play a ‘rules maintenance’ role by sending information about the firm to other social actors that reduces search and evaluation costs (Kennett, 1980).

Profit making requires a high degree of self-serving, self-dealing, and self-considering behaviors. These realities belie the notion that CSR activities can create a signal that a firm is completely or substantially altruistic in its orientation. We assert that the effect of CSR is not to send a signal of complete altruism (lack of a profit motive or a wholly other-regarding orientation) toward stakeholders, but rather CSR activities signal that the firm is not completely self-interested, that its leaders can, do, and will consider impacts on others or the social good in their decisions; in short, that managers and their firms possess an ‘other-considering’ disposition toward their various stakeholders. When such signals are received and accepted by external stakeholders, firms accrue positive attributions or moral capital (Simon, 1995; Van Herpen et al. 2003) to the extent these outsiders see the firm engaging in activities they deem socially or morally desirable (Godfrey et al. 2005).

Two features of CSR activity work to determine the strength, and hence potential value, of this other-considering signal. First, the activity must be public knowledge, be it through firm self-reporting or the reports and analysis of others. Second, CSR engagement must be substantial enough to create a credible and reasonable declaration of unselfish intention. CSR activity that captures the attention of media or outside evaluators (e.g., industry groups such as The Conference Board or investment rating analysts) represents an investment substantial enough to be noticed and seen as a credible commitment. CSR activity meeting these two criteria could be referred to as substantial or noteworthy CSR. Even under the best of circumstances, business activity sometimes creates negative impacts among important stakeholder groups. Some negative impacts may be relatively benign, such as discontinuing products or services; some consequences may be local in their effect, such as a plant closure. Other negative events may have global ramifications, such as market-destabilizing fraud or environmental disasters. When negative events occur, stakeholders respond by punishing the firm with sanctions ranging from mild (boycotts or badmouthing) to severe (revoking the right to do business) Such sanctions, Godfrey (2005) theorizes, follow a legalistic approach in their derivation and application. Stakeholders mete out punishments based on both the negative effects of the act and the perceived state of mind and intentions of the offender.

The goodwill generated should reduce the overall severity of sanctions by encouraging stakeholders to give the firm ‘the benefit of the doubt’ when ambiguity over motive exists (Uzzi, 1997). Put another way, CSR based moral capital creates value if it helps stakeholders attribute the negative event to managerial “maladroitness” rather than malevolence, and temper their reactions accordingly. Measuring stakeholders’ mental processes proves difficult, perhaps even impossible; however, we can observe whether stakeholder groups behave in a manner consistent with a theorized attribution process. Such consistency would imply that CSR activity provides ‘insurance-like’ protection (Friedman, 1953).

CSR activities targeting primary stakeholders should produce exchange capital among those groups the potential to create more advantageous exchanges between the firm and its primary stakeholders. Such CSR activities, however, are less likely to produce moral capital; indeed, precisely because these actions can be viewed through a power-exchange lens they may be seen as wholly consistent with the firm’s profit-making interest and viewed as merely self-serving, rather than other-regarding, behaviors.

Stulz (2002) considers insurance —as a form of risk management— becomes more valuable the higher the costs of financial distress. Negative events that reduce a firm’s cash flows or raise its risk level may create greater levels of financial distress to the extent that they cause stakeholders to react in ways that destroy intangible assets and future cash flows (or raise risk levels) beyond the direct impact of the negative event (e.g., customers devalue the brand, key employees leave or work less productively, suppliers tighten terms, increased costs of capital preclude otherwise profitable investments, etc.) CSR activities that dissuade stronger punitive responses should prove more valuable for firms when stakeholder relationships and the resulting intangible assets play a larger role in creating value.

When viewed as a feature of the organization, larger market presence (size) translates into more transactions (both internal and external) and more transactions, ipso facto, lead to a higher probability of negative events; there are simply more opportunities for negative outcomes. As a consequence, larger firms should be more willing to engage in CSR to cover the increased risk than smaller firms. Rindova et al (2006) note that larger firms face greater scrutiny from media, special interests, and stakeholders than their smaller counterparts; larger firms have higher profiles than their smaller counterparts. Godfrey et al (2005) further notes that such a high profile should increase the risk of negative actions toward the firm by outside constituents. If larger firms are more likely to experience negative events, either through chance or targeting from constituents, and if those negative events are more likely to attract attention from media, regulators, or other third parties, then the firm's CSR engagements will be considered by more individuals and groups as they determine the firm's mens rea condition. CSR engagement by larger firms will be more valuable because it is likely to be used more frequently in generating mens rea evidence than for smaller firms.

For firms with negative social impacts, engagement in CSR may be perceived as 'blood money' to either atone for past sins (e.g., Denny's support of African-American issues) or it may be a substitute/complement for other negative practices (e.g., tobacco companies that try to offset their negative product image through generous philanthropy). In these cases, the signal value of CSR may be diminished at best, or seen as ingratiation at worst (Jones, 1964).

Well-established methodological rules exist for event studies (Peterson, 1989). The procedures for event studies are straightforward. First, identify the event of interest, and its timing. Second, control for other announcements or events that may cause investors to alter their valuations of the firm in addition to the focal event of interest. Third, predict the stock return in the absence of the event of interest. Fourth, observe how the actual return differed from the predicted return. Fifth, use regression analysis to test whether or not the variables of interest are related to the changes in stock price (Godfrey et al. 2008). CSR also matters to a group of leading CEO. The world economic forum recently surveyed CEOs to get their perspective on the business rationale for corporate citizenship. Eighty percent of the CEOs indicated that a key driver was reputation and brand. The next three drivers to get the most CEO votes were employee motivation, competitiveness/market positioning and license to operate.

2.4 Stakeholder theory

Stakeholder theory brought forward by Edward Freeman (1984), starts by looking at potential groups in society and analyses the relation of the firm to these groups. By this theory shareholders are considered as the most important group. On the contrary, stakeholder theory claims that the corporation has a responsibility to all those groups who are harmed by, or benefit from, the company and/or whose rights will be affected either positively or negatively (Evan and Freeman, 1993). Consequently, we might suggest that the traditional normative aspects of concepts of CSR, CSP and stakeholder theory were not in very strong demand in the business community, although much of the rhetorical and practical dimensions persevered. Moreover, from the 1990s onward, the new terminology of corporate citizenship began to increasingly compete with and replace these extant notions in the realms of management theory and practice (Matten et al. 2003).

Within the branch of management, stakeholder theory has arisen most recently; this also enters in the field of social responsibility. Without centering on the content of corporate social behavior, stakeholder theory defines its field of application sustaining the idea that firms do not have responsibilities towards society in general, but rather they should only be concerned about individuals or groups that may be directly or indirectly affected by their activity (Clarkson, 1995; Donaldson and Preston, 1995). Specifically, employees, shareholders or investors, customers, suppliers, the government and the community in which the firm operates are included within the group of primary stakeholders; while the communications media and interest groups are regarded as secondary stakeholders, since they are not essential for the firm's survival (Clarkson, 1995). Taking both these theories into account, and from an integrative perspective, Maignan et al (1999) propose to define social responsibility as the degree to which firms assume economic, legal, ethical and discretionary responsibilities towards their stakeholders. Sustainability strategies will fail unless they create or increase shareholder value. Specifically, companies must continually demonstrate that business practices founded on sustainable growth are generating tangible financial gains (Holliday, 2001).

According to Gonzalez and Martinez (2004) sound corporate relationship with stakeholders is directly related to:

- Good economic performance, either by increasing market value (Aupperle et al. 1985; de la Cuesta et al. 2002; Griffin and Mahon, 1997; McWilliams and Siegel, 2000; Simpson and Kohers, 2002)
- Reducing risk (Moore, 2001; Orlitzky and Benjamin, 2001)
- Attracting or retaining employees (Backhaus et al. 2002; Turban and Greening, 1997)
- Increasing loyalty and improving corporate reputation (Brown and Dacin, 1997; Maignan et al. 1999)

2.5 Accountability and transparency

According to Dubai Ethical Resources (DERC) "An organization displays accountability when it actively seeks to meet the legitimate expectations of its stakeholders." Accountability and transparency in CSR terminology are reliable and open regular report of a company's performance. Companies has been publishing company information to update the stakeholders including suppliers, contractors, costumers, employees, public communities and stakeholders to demonstrate their transparency.

Good governance creates a theoretical obligation to embrace ethical practices at the top levels of an organization and to build a culture supporting those practices. Therefore high-quality governance goes further than policy and paperwork. Transparency and accountability in an organization means that the entity is committed to perform truthfully and honestly. It also means that the corporation is dedicated to integrate in all the transactions and communications taking placed. This commitment is to be taking placed in all internal and external actions.

A transparent association is devoted to treat every entity with dignity and respect and be fair to all their grantees. Accountability in the context of employment put the organization in charge to care for each employee with respect and good faith and provide a working condition that preserve employees' rights and wellbeing. Each transparent organization is responsible for all of its actions and confines all their business transactions within the law. Transparency and accountability practices can not be limited to the directors and shareholders. Ethical conduct is supposed to be implemented in the organization as a policy and each employee is in charge of following the guidelines and makes an effort to comply with the policy.

In the wake of recent corporate scandals, there is huge pressure for businesses to be accountable and transparent in their activities (DiPiazza and Eccles, 2002). Increasingly, stakeholders are becoming more vocal in their demands for information on business activities aside from financial performance (Brown, 2000). Transparency is one of the key factors for investors. Investors can never trust a company with complex financial statements due to lack of transparency in real fundamentals, risks and debts. Transparency will give investors a proper estimation of chances of company's exposure to bankruptcy risks.

2.6 Code of Conduct

Bribery and corruption are major public concern in many countries. World Bank and the International Monetary Fund have done an impressive effort to uncover corrupt practices in their operations and transactions. Therefore the international business community is unable to restrain bribery and corruption on its own. Management tools and methods that organizations use to repel bribery have a great role in this battle. Some of the methods used by managers to confront bribery have been as useful and strong as public enforcements and formal laws. According to Gordon and Miyake (2001) "Efforts made by managers often begin with written commitments in areas of business ethics that are relevant to the firm's activities – this is sometimes called a "code of corporate conduct"."

Code of Conduct is a voluntary commitment to control business behavior for the benefit of the corporation. Corporate codes of conducts mostly focus on employees, society, environment and investors. Corporate responsibilities toward competitors, suppliers and sub-contractors are less concerned. According to Shen, 2004, "Companies list their sponsoring activities on the website or published in a separate social report, community or sustainability report. European companies are holding stronger positions in reporting as 67% of the sampled companies have both online and print versions much higher than average and the Asian companies 12%."

Code of Conduct can be created for several reasons such as: reducing the risk of criminal activities in the business environment, minimize the civil sanctions, enhance organizations reputation and improve the public image. "A business code can be defined as an independent, company specific policy document which delineates company responsibilities toward stakeholders and/or employee responsibilities, Some documents formulate responsibilities toward a single stakeholder, a mission statement that merely formulate economic objectives, or rules of conduct for employees with regard to a single issue (e.g. a code for the use of e-mail and the Internet) (Kaptein, 2004). Creation of code of conduct is mostly accompanied by adoption of compatible management methods in all aspects of firms' operations. The codes are not just addressed to the public the main concern is employees' behaviors. The major target is to increase employees' awareness of corporate policies and align them with missions and visions of the company. The context of code of conduct varies from corporation to corporation because of fundamental differences in firm's circumstances and activities. Each organization develops set of codes related to their field of work and their activities. “The codes encompass a broad range of approaches to bribery, corruption, political contribution and gift giving.” (Gordon and Miyake, 2001) Therefore there are some phrases that have been cited in most of the documents, such as: Transparency, honesty and fairness.

Kaptein (2004) claims that: “of the two hundred largest companies in the world, 52% have a code. More than half of these codes describe company responsibilities regarding quality of products and services (67%), adherence to local laws and regulations (57%) and the protection of the natural environment (56%) Many codes make reference to principles governing stake holder relations (e.g. transparency (55%), honesty (50%) and fairness (45%)), corporate core values (e.g. teamwork (43%)), appropriate conduct among employees (e.g. discrimination (44%) and intimidation (43%)) and treatment of company property by employees (e.g. conflict of interests (52%), corruption (46%) and fraud (45%)) Monitoring compliance with the code is addressed in 52% of the codes. Based on this content study, three types of codes are distinguished: the stakeholder statute (72%), the values statement (49%) and the code of conduct (46%) The results of this inquiry present a benchmark for the evaluation and development of both individual and international business codes.”

Publishing code of conduct is a huge step toward managing an ethical entity but it doesn’t stop at this point. More important than having a code of conduct is being committed to communicating it with internal and external participants, measuring the improvement and implementation, initiating a method to report the performance against the documented principals. Here is a list of most common terms used in numerous codes of conduct published by various types of corporations:

- Transparency
- Honesty/Truth
- Fairness
- Trust
- Accountability
- Responsiveness
- Open communication
- Equality

- Teamwork/ Mutual support/ Interdependence
- Customer oriented
- Flexibility
- Efficiency
- Adherence to sound financial accounting principles
- No misuse of funds for personal gain
- Efficient use of equipment and sources
- No leakage of confidential information
- No conflict of interests
- No corruption or bribery
- No nepotism
- No discrimination
- No treating or intimidation
- Treating all employees with respect

72% of the codes formulate responsibilities towards stake holders (the so-called stakeholder statute or business principles), 49% express the corporate core values in a coherent manner (the so-called values statement) and 46% set down norms and rules for employee conduct (the so-called code of conduct). Creating a work environment which encourages the employees to observe the code is one of key factors to implement a proper code (Benson, 1989). If a code is to be a relevant and meaningful document, it is not only its implementation that should be attended to in great detail; it should also be updated at regular intervals (Ethics Resource Center, 1990).

2.7 Sustainability

"Sustainability as a concept has permeated most spheres of life, not solely because it is a political requirement but because it clearly resonates with something deep within us even though we have a poor understanding of what it is." (Fricker, 1998) John Elkington (1999) defines the triple bottom line of economic prosperity, environmental quality and social justice as the principles for corporate sustainability development. The concept of sustainability or sustainable development is another bracket under which CSR is discussed in business, politics and academia. Sustainability maximizes organizations' ability to successfully survive without compromising the economic, social and ecological survival of its current and future environment.

The concern with sustainability is also reflected on the political level: for instance, the seminal paper on CSR by the EU commission (2002) equates CSR with sustainable development and has been influential in shaping the more recent interest in CSR in Europe quite significantly. "Organizations face pressures to address environmental and social problems that they cause directly or indirectly and this issue put stress on corporate sustainability." (Starik and Marcus, 2000)

Adopting products and processes to minimize usage of resources, reducing environmental pollution, improving relations with the society and all the stakeholders are current approaches to corporate sustainability (Crane, 2000; Gonzáles-Benito and Gonzáles-Benito, 2006). "The central idea is that organizations will display a 'greener' and more socially responsible culture when moving towards sustainability." (Crane, 1995) In their recent qualitative study, Russell et al (2007) demonstrated that individuals hold different understandings of corporate sustainability. These understandings are:

Corporation working towards long term economic performance

Corporation working towards positive outcomes for the natural environment

Corporation that supports people and social outcomes

Corporation with a holistic approach

Organizations should answer justified questions from society and be open about their activities. There are many options, such as lectures, Internet sites and Sustainability Reporting. Stakeholders ask for openness regarding considerations and results (Dawkins and Stewart, 2003). The complexity of corporate sustainability development integrating social, environmental and economic concerns involves not only an internal management process; most of the cases interact with external macroeconomic status and institutional environmental policy (Schaefer, 2004).

Moon (2007) cites the work of Wilkinson et al (2001) who discuss the general involvement of the firm's internal operations, human resource management and the external institutional role that government plays in corporate sustainability development; a couple of studies present positive achievements of firms evolving toward sustainability or consider the motivations and nature of business contributions to sustainable development and discuss corporate social responsibility as a vehicle for sustainable development.

Holliday (2001) the Chairman of DuPont enterprises states that the company's pronged strategy integrating science, knowledge intensity and productivity improvement can be seen as a successful case of corporate sustainability development in generating economic value, fulfilling environmental and social demands. Holliday (2001) also says that: "As a business practice sustainable growth seeks to make more of the world's people our customers and to do so by developing markets that promote and sustain economics prosperity social equity, and environmental integrity."

A sustainable management system that integrates corporate environmental, health, safety and sustainable development of various cases reviews reveal positive impacts on overall corporate performance (Oktem et al. 2004).

2.8 Philanthropy

Corporations' philanthropy activities are mostly referred to the financial support they provide to charities and social causes. Therefore philanthropy is not just about financial assistance. Organizations can support the society by contributing their time and expertise. Numerous of organizations have some programs to support causes such as youth career development, providing internship and on-job training to students and fresh graduates, taking part in career fairs, providing pro-bono assistance to the projects for people in need. For example in building a charity hospital for underprivileged citizens, many companies can provide their assistance by donating their time and expertise. Many companies such as architecture, construction, contracting, interior designs and etc. can take part in this social charity activity by contributing their services. Regarding philanthropy contribution companies may apply different strategies. Corporations may launch "Employee Volunteering Program" or may ask employees on the project and pay normal salaries to their staff. Launching EVP is more favorable.

2.8.1 Implementing EVP and ensuring the program's success

1. Outline the reasons a company may consider for initiating such a civic engagement and define the degree of involvement and contribution to this cause. It is important to identify the business objectives, main concerns and ambitions that the EVP can meet. Mostly the main objectives to such activity is adding value to business objectives, improving reputation and promoting the brand.
2. Generating Management's support. Managers have to be briefly familiarized with the program. Senior managers are supposed to understand the reason behind this activity and be involved in various programs and campaigns. Securing management's support has an important role in the success of the program. All levels of management should encourage employee participation.
3. Developing a program structure and policies is essential. Policies are needed to establish the parameters and scope of operations.
4. Organization is supposed to establish a formal "Employee Volunteering program" structure. Establishing the structure can be done by a committee,

coordinators or Human Resources. Department in charge of establishing structures ought to opt design a pattern which best fits the business culture and assign duties and responsibilities of management, various departments and employees.

5. A well designed communication plan is a must. Communication strategies and marketing plans will assists generating a strong level of involvement and helps to constantly recruit and preserve contestants.
6. Financial contributions must be aligned with volunteering to attain better results. Better results can be achieved by choosing activities that are associated with organizational culture and employees' interest.
7. At this stage success of the company has to be evaluated. Developing a mechanism to track employee participation and satisfaction with he program and overall outcome aside from the evaluating achievements in context of social activities are essential.
8. Efforts should be publicized both internally and eternally. Intranet, emails, media releases and newsletters can be used as powerful tools to communicate. It is important to publish the result of employee participation to excite staff to start or continue volunteering.

2.9 Brand enhancement

"Public perception has a great influence on company reputation. Today, companies are also seeking avenues of public acknowledgment of their employer brand. For example, Business Ethics Corporate Social Responsibility Report publishes a list of the 100 best corporate citizens. Companies are ranked by social scores regarding environment, community and customer relations, employee relationships, and diversity. One of the 2004 winners was Proctor & Gamble, which donated funds to help disadvantaged youth in Vietnam, combat childhood malnutrition in India and provide earthquake relief in Turkey." (Lockwood, 2004) In the beginning, corporations felt a need to keep their contributions quiet. More recently, corporations have seen the benefit of making known their contributions since research shows that good corporate citizenship benefits employee morale and assists in promoting the reputation of the corporation as well as their brand image (Muirhead, 1999).

Jerome Shestack, Partner and co-chair, Business litigation practices group, WolfBlock in an interview with Editor of the “Metropolitan corporate counsel” states that: “Some of the most vigorous criticism of multinational corporations has focused on companies that seem to be associated with gross and systematic violations of human rights. But, companies can adopt remedies. For example, Chiquita International received strong criticism from media and labor groups for bad environmental practices in its Latin American operations. After much grief, the company established a partnership with the Rain Forest Alliance and an independent certification of its environmental operations. Nike had its reputation severely damaged when activists charged that it was running sweatshops in Asia. Since then the company has worked hard to manage fair labor conditions in its supply chain. Shell experienced criticism in connection with its exploration in the Niger Delta, which was alleged to be detrimental to the Ogani tribe. Shell responded by becoming a leader in implementing sustainable development principles. The Switzerland-based Nestlé Group has long been a target of human rights criticism because of Nestlé's marketing of baby formula over mother's milk in poor countries. In 2002 Nestlé appointed an ombudsman to expose unethical promotional activities.”

Many directors come across CSR as a useful tool for strengthening bounding with staff, consumers and stakeholders in order to protect and enhance the image of their corporations. The clothing industry, for example, has been criticized for how workers are treated in factories in their supply chain. Setting an example, Gap, Inc. released its first Social Responsibility Report, emphasizing the organization's commitment to working with key players to create industry-wide change. It also took a proactive stance on employee treatment by prohibiting child labor, forced labor and discrimination and protecting freedom of association for workers. (Gap, Inc., 2004)

According to Gonzalez and Martinez (2004) a company with good CSR records has access to ethical investment flows, manages risks and resources better leading to increased efficiency, and is more competitive in countries where customers reward good SEE behavior. In some countries consumers put pressure on companies with boycotts or responsible purchases (Liubicic, 2001), empirical evidence shows that customers tend to disregard SEE performance when choosing a brand. Some customers acknowledge a lack of information about corporate social performance to make their decisions (Auger et al. 2003; Shaw and Clarke, 1999).

2.10 Promoting CSR to maximize the profit

The redefinition of CSR offered by the DTI in its 2001 document, Business and Society Developing Corporate Social Responsibility in the UK, marked a significant step forward in the process of reconceptualising CSR. CSR is, according to this document, associated with reputation: "the costs and benefits of a company's goods and services, how it treats its employees and the environment, its record on human rights . . ."; competitiveness: managing "supplier and customer relationships, workforce diversity and work/life balances . . ."; and risk: "the wide range of risks to which [the company] is exposed – whether financial, regulatory, environmental, or from customer attitudes." (DTI, 2001) Many researchers fear that large companies are just focused on the shortsighted goals such as profit maximization rather than long term goals of being responsible toward society (Kalisch, 2002 and Henderson, 2007).

According to the World Bank (Cited in Nicolau, 2008), ‘‘corporate social responsibility (CSR) is a term describing a company's obligations to be accountable to all of its stakeholders in all its operations and activities. Socially responsible companies consider the full scope of their impact on communities and the environment when making decisions, balancing the needs of stakeholders with their need to make a profit''.

CSR can be seen as an effort for creating a positive reputation and brand image in the public eye via high-quality work that provides a competitive side but at the same time contributes to other's demands and organizations change from solely focusing on earning a profit to including financial, environmental and social responsibility in their core business strategies. Nevertheless, every manager faces the challenge of whether corporate sustainability development is really beneficial and pays off. Indeed, the truth is that business firms have the making profits as their initial objective. They approach this objective by economic activities of producing goods or services. However, De Geus (1997) states that "Mounting evidence suggests that corporations fail because their policies and practices are based too heavily on the thinking and the language of economics."

A company that has builds a good reputation by practicing activities such as producing environmental friendly product or by supporting the local causes, will be favorably viewed by community. In this case the amount of job applications and employee referrals may increase noticeably and this will lower the time and cost per hire for company. Corporations sped a huge amount of money on hiring advertisements and paying the fees for recruitment agencies. Therefore company's good reputation will turn it to a desirable place for job seekers. Company will not need to advertise the vacancies and it will reduce cost markedly. In the other hand corporations that are treating their employees ethically have more success to attract professionals. Corporations that are having less transparency and do not have a good reputation for providing ethical work place to the employees can only catch the attention of valuable employees by offering salaries higher that the rate of the market and it will cause a gigantic cost for a company in long term. This is not a matter of basic compliance with externally mandated regulation; the enterprise which goes "beyond compliance" is thereby securing for itself a competitive advantage, in terms of its greater anticipation of, and responsiveness to, external changes. It has not yet been formally investigated in the marketing literature. Only over the past few years have marketing scholars started to examine how organizations integrate social demands in their operations. This emergent body of literature was launched by Varadarajan and Menon (1988), who highlighted the marketing and strategic value of corporate social involvement in their conceptualization of cause related marketing.

Initially, the concept was exclusively associated with economic aspects, understood as the firm's obligation to maximize shareholder value (Zenisek, 1979). Friedman's (1962) position, for whom corporate responsibility is simply carrying out actions that increase profits while respecting the rules of the game. However, another research stream thus appears relating the concept with marketing activities with a social dimension (Davis and Blomstrong, 1975; Handelmann and Arnold, 1999). All the moral obligations that maximize the positive impact of the firm on its social environment and minimize the negative impact (Pride and Ferrell, 1997).

More recently scholars have tried to measure the relation between social performance and employer attractiveness (Greeing and Turban, 2000). The idea that socially responsible behavior is good market practice and that it generates positive consequences for the business is increasingly accepted, but there is still a lack of research on the potential benefits of social responsibility from the marketing perspective (Maignan et al. 1999). The strongest relationship between the consumer and the firm clearly arises in the services market. Because of the characteristics of intangibility, inseparability, heterogeneity and perish ability of services compared to tangible goods (Gronroos, 1994).

The benefits of CSR initiatives are immediate. Multinational oil company BP, for example, has managed to reduce its own CO_2 emissions by 9.6 million tones since 1997, and it did these nine years ahead of schedule. This has since saved the company US$250 million in operational costs. Clothing retailer Gap also supports the business case argument, and managers say better working conditions vastly improve the quality and on-time delivery of products. Electronics Company Philips has profited from its own low-energy light bulbs (Blowfield and Murray, 2008). If corporations exist to maximize profit, they are often willing to do whatever it takes to achieve this goal, even if it includes acting in socially irresponsible ways. Tax is also an issue for the decision-making of sponsorships. Many of the sponsorships in education, sports and humanitarian aid bring tax benefits for corporations besides the original CSR goal (Shen, 2004).

Many companies sponsor projects closely related to their operation, Shell (environment, climate change), Carrefour (medical research) while Volkswagen and its foundation support a well-structured program. Europe has acquired a well-developed sponsorship system including an advanced reporting and monitoring structure, which is lacking in Asia.

2.11 Effect of Sustainable business of firms:

John Elkington addresses some of the strategies for corporate sustainability development and discusses the triple bottom line of economic prosperity, environmental quality and social justice as the principles for corporate sustainability development (Elkington, 1999). Nevertheless, coming to the measurement of the bottom line, all managers face the challenge of whether corporate sustainability development really pays off. Indeed, it is very true that commercial firms have the very initial objective of making profits through economic activities of producing goods and services upon establishment. De Geus states that 'Mounting evidence suggests that corporations fail because their policies and practices are based too heavily on the thinking and the language of economics' (de Geus, 1997). This statement sounds like an ironical turn for commercial firms, which may spur corporate sustainability development.

In spite of many studies going in the direction of sustainable development and firm financial performance, the majority of empirical research deals with partially corporate social or environmental responsibility or composite social and environmental dimensions as the best corporate citizens for comparative analysis. Jones defines an integrating framework as a 'general, macro-level model that describes the interrelationships of the various subjects in the field; it shows how the parts fit together and refutes the notion that the field is nothing but a collection of loosely related topics' (Jones, 1983). The complexity of corporate sustainability development integrating social, environmental and economic concerns involves not only an internal management process; most of the cases interact with external macroeconomic status and institutional environmental policy (Schaefer, 2004), which would vary widely across countries, industries and time. Many studies review parts of this broad and somewhat ambiguous topic.

Wilkinson et al. (2001) discuss the general involvement of the firm's internal operations, human resource management and the external institutional role that government plays in corporate sustainability development; a couple of studies present positive achievements of firms evolving toward sustainability or consider the motivations and nature of business contributions to sustainable development and discuss corporate social responsibility as a vehicle for sustainable development (Moon, 2007); the DuPont three pronged strategy integrating science, knowledge intensity and productivity improvement (Holliday, 2001) is a successful case of corporate sustainability development in generating economic value, fulfilling environmental and social demands; a sustainable management system that integrates corporate environmental, health, safety and sustainable development of various cases reviews reveal positive impacts on overall corporate performance (Oktem et al. 2004). Other indicators being applied in measuring a firm's social performance include social involvement disclosures in the annual report, external rating of a firm's social reputation and index, compliance with ethical standards, philanthropy and charitable donations, responsiveness to social issues, disinvestment from South Africa (Margolis and Walsh, 2001).

A few authors conduct a wider scope of measurement of corporate social performance in the research, such as Clarkson (1988), who investigates at least 29 items covering human resources, environmental, charity, community relations, customer relations and organizational practices and structures; Diltz (1995) adopts the Contemporary Economic Policy (CEP) index in measuring a firm's social performance, which includes environment, charitable giving, women in management, minority management, animal testing, information disclosure, community outreach, South Africa, family benefits, military work and nuclear involvement; Waddock and Graves (1997) investigate product, employee relations, diversity, community relations, environment, non-US operations and others in social performance measurement (Margolis and Walsh, 2001). Sturdivant and Ginter argue that management attitudes on corporate social responsiveness replicate firm's policies and performances and that advanced financial performers are likely to be enhanced social performers (Sturdivant and Ginter, 1977). More and more risk managers are taking social and environmental performance into account when giving out credit, selecting suppliers, estimating the market value of a share and so on (Gonzalez and Martinez, 2004).

2.12 Voluntary versus obligatory approach to CSR

In this context, discussion arises about government involvement in fostering CSR and corporate accountability among companies. Should companies be compelled or encouraged to assume their CSR? In other words, should CSR be approached on a voluntary basis or should it be complemented with a compulsory regulatory framework? Secondly, what publicly driven initiatives are being taken at the international and national level? What type of governmental intervention is more effective in fostering CSR?

The ‘‘voluntary versus obligatory approach’’ to CSR is among the core issues in the debate about improving corporate accountability. Do companies have to adopt CSR plans only on a voluntary basis or there has to be a compulsory legal standard? The answer most likely lies in a continuum between the voluntary versus obligatory approach, or as frequently called, the business case for CSR versus the society case for CSR. Advocates of the business case reject government intervention in fostering CSR or corporate accountability. Governments should establish a minimum legal framework to maintain trust, a vital value for the functioning of the market. There is no need to strengthen the government’s role, given that the market offers enough incentives for companies to care for their stakeholders in the interest of their shareholders. Proponents of the society case not only advocate government regulation of business, especially of multinational companies (Palmer, 2003), but also that these laws are internationally unified and binding. Many of the world’s most pressing environmental problems (such as destruction of the ozone layer, acid rain or global warming) can only be managed internationally. As the UN Development Programme remarks ‘‘multinationals are too important for their conduct to be left to voluntary and self-generated standards (UNDP, 1999, quoted in Richter, 2001).

Doane (2003) warns of the risk of using codes for Public Relations (PR) purposes, and of their manipulation for any desired outcome by the company concerned. UNRISD (2002) also states that: ‘‘transnational corporations are likely to fulfill their responsibility in a minimalist and fragmented fashion. They still need strong and effective regulation and a coherent response from civil society’’ (Quoted in Richter, 2001). Likewise, Leighton et al (2002) analyzed U.S. corporations in the oil and high tech industries and concluded that voluntary standards are not effective enough to ensure CSR in developing countries. Normally, violations of codes occur in developing countries where national laws are less stringent. In OECD countries, citizens are protected by stricter regulations and stakeholders' rights are generally recognized. Korten (1996) pinpoints this ‘‘predatory financial system’’ as the major obstacle for CSR development: ‘‘there are plenty of socially responsible managers. The problem is a predatory system that makes them difficult to survive. This creates a terrible dilemma for managers with a true social vision: either they change their vision, or they risk being expelled from the system’’ (Korten, 1996).

Voluntary codes provide no monitoring mechanisms or rely on weak monitoring mechanisms (Liubicic, 1998) This is especially true of company codes: 63% do not include monitoring provisions (OECD, 1999) Most standards rely on internal monitoring, although a few mention the possibility of external party monitoring. Internal monitoring does not seem the optimal measure, given the conflict of interests (Liubicic, 1998).

Potential polluters cannot make ‘‘laws’’ and order ‘‘sanctions’’ that are against self-interest. As Doane (2004) contends: ‘‘self-regulation by industry, as the recent corporate scandals from Enron to WorldCom demonstrate, has some very unreliable outcomes’’.

The other issue is that enforcement mechanisms are also weak or negligible (OECD, 1999) Most standards do not set penalties for breaching standards, or when they do, they are too vague. Most standards do not allow the results of internal monitoring to be made public, which, in turn, prevents them from accomplishing the goal of corporate accountability towards the general public (Doane, 2004). There is not enough disclosure regarding policies, strategies, and corporate SEE results. In general, information released by companies is not comprehensive, detailed, or comparable. In quality management systems, governments demand certain guarantees. Likewise, minimum standards or a minimum common framework should be required for CSR. Only then, could a perfectly informed market (mainly consumers and investors) favor responsible companies and ‘‘punish’’ the ‘‘irresponsible’’ ones. Consumers and investors need transparent, trustworthy, available, and easily accessible information. Public authorities should pass laws targeting the quantity and quality of released information, as well as its access. Such norms would make the whole process simpler, eliminate differences, and make information more useful, more understandable, and easier to share with stakeholders. In addition, companies would benefit from reduced reporting costs, since they would no longer have to answer several heterogeneous questionnaires about their CSR strategy. This process of homogenization would be easier with a common framework, similar to the existing regulatory framework and standards for accountancy and financial reports.

There are currently three main global IGO-driven standards, issued by the UN, the ILO, and the OECD. All these standards are in tune with the business case, since they are voluntary codes allowing companies great flexibility in adapting their business strategy to these standards. They are based on values and principles defined in international texts and legislation, although their scope varies. They all allow for stakeholder participation – including companies – (e.g. trade unions in the ILO Tripartite Declaration and OECD Guidelines; different civil society organizations in the Global Compact).

Yet, it should be noted that the UN faces great difficulties in convincing some developing countries that the standard is not ‘‘meddling or paternalistic’’ and that it may help to attract foreign direct investment (Aaronson and Reeves, 2002). Both approaches are complementary. Some countries have started to complement the business case with mandatory legislation on various aspects of business transparency (in company laws, environmental regulation, or regulation for institutional investors or on social and environmental reporting). A problem with voluntary corporate responsibility regimes, including transparency, is that they lend themselves to overlook government responsibility in this area and leave the commons largely to manage themselves. Companies clearly have an impact on society and the interests of business do not always align themselves with the interests of society. Strengthening the business case for CSR Awareness can be raised among consumers, investors and civil society organizations by disseminating information about CSR commitments, practices and results, and by facilitating access to CSR information. Corporate accountability awareness should be raised among companies to prevent legal risks by establishing legal concepts such as principles of civil liability, and to prevent contentious transnational legal actions. Sustainability criteria should be used in government investment and credit, especially regarding International Aid Credit as government is co-responsible for corporate behavior overseas through crediting.

Steps governments have to take regarding implementation of CSR in their countries can be defined as:

- Legislation should be issued requiring companies to report on sustainable performance

- establish guidelines for companies to follow
- homogenize existing codes of conduct
- establish rules for social and environmental balances
- Public right to access information held by companies becomes more evident.
- Appropriate safeguards are needed to protect commercial confidentiality and competitiveness
- Communication channels should be created or maintained among government, trade unions, firms, political parties and civil society, and a real multi stakeholder debate should be fostered
- There are informal and formal initiatives (e.g. NCP) that should be encouraged to favor social cohesion.
- A coherent message should be sent to the market by coordinating policies to foster synergies among international CSR regulations and corporate objectives, as both frequently seek similar or complementary objectives. It would strengthen the commitment with sustainable development and send a more unified and consistent message to civil society, investors and country partners.
- Legal action should be taken against misleading information, abuse, or failure to fulfill corporate commitments.

2.13 CSR in Human Resources

People are one of the most valuable assets of an organization. There is a strong connection between an organization's success and effective human resource management. Within an organization Human Resources is one of the departments that may face numerous easily identifiable ethical matters. Human Resources management are engaged in various type of activities such as recruitment and hiring, performance and reward , restructuring and termination and each one of these activities may arise several ethical and legal issues.

According to various researches, institution of human resources often effects fulfilling a continuous organizational development. A variety of approaches are being adopted by business organizations in this regard. According to Bagali (2002), the businesses in the Third World economies are experiencing the winds of change for the first time. It is pertinent that in the light of all these rapid and new developments, organizations need to approach human resource systematically, separately and scientifically. This article is an effort to build theories to substantiate the requirement of human resources management in today's context.

In support of fundamental changes it is compulsory that approach the practice and implementation of culture, above all those with some level of global recognition. The standard global practices include: open lines of communication; clear job objectives; transparent organization culture; shared ethical values; scope for creative work; leadership at all levels; an equal code of conduct; and an open and fair appraisal system. Interestingly, these components deal with the concept of empowerment as well (Bagali, 2002).

CSR in Human resources context is defined as "How corporation is treating the stakeholders of the firm in an ethical and responsible manner." There are five groups of stakeholders involved: shareholder, employee, customer, supplier and social community. Labor is a very important input to the production process and therefore a key determinant of the organization's performance. Consequently, there is a strong case for management to address human resources issues in the same common for employees to hold shares in public companies. It could be argued that the annual report to shareholders is also a vehicle for communicating with such employees. The tactical importance of human resources to an organization is unquestionable.

Human resources costs account for a major share of revenue generated within an organization and the success of its on-going development and growth will hinge upon the efficiency of the strategic choice about the consumption of those resources.

As Collins (1989) argues, "… Organizational success is in part a function of the degree of alignment of the organization's capabilities with the opportunities and constraints that characterize its environment. Increasingly people issues represent a fundamental input into the quest for realignment." Inclusion of an employment report within published annual reports would:

1. Assist users in assessing the performance of the entity, evaluating its economic function and performance in relation to society, assessing its capacity to make reallocations of resources and evaluating managerial performance, efficiency and objectives.
2. The report will make available information of use not only in judging efficiency and productivity but will also provide significant information concerning the workforce of the reporting entity, its personnel policies and industrial relations record.

The report recognized that human resources are important to an organization and that whilst they account for a significant proportion of operating expenditure, the organization's performance will be ultimately influenced by their contribution. Therefore the quality of human resources will be a key determinant of an organization's future; no less important than the other resources used by the organization. For shareholders, information on human resources may influence their returns since the Contribution of a company's human resources performance will have a significant impact upon its financial performance. Shareholders would also be interested in other human resource information as well as being made aware that management has a demonstrated interest in human resource issues. It can also be argued that groups other than shareholders such as employees also have rights to information about actions which involve their lives.

Human resources engagement in CSR is focused but not limited to: employee health and safety, employee learning and development, employee promotion and disciplinary.

2.14 Measuring Corporate Performance

"Over the past two decades interest has grown in developing indicators to measure sustainability. Sustainability is presently seen as a delicate balance between the economic, environmental and social health of a community, nation and of course the earth. Measures of sustainability at present tend to be an amalgam of economic, environmental and social indicators" (Fricker, 1998).

In the modern world concerns regarding sustainability have increased. Investors are concerned about good corporate governance; they are looking to invest in a business with sound strategy with an effective risk management tactic. Customers are asking about the origins of products, who made them and what they contain. Employees prefer to work for social responsible and transparent corporations that visibly respect their responsibilities to society and the environment. Governments and civil society are gradually placing more pressure on organizations to report on social and environmental performance. Business leaders need to respond to the pressures by carrying out operations in a way that guaranty success of their business, reflect the requirements of a sustainable and social responsible development and also satisfaction of the stakeholders. Therefore they need to adapt a ways to measuring corporate performance. However, it includes issues which may be outside the direct control of the organization, that are difficult to characterize and often are based on value judgments rather than hard data. The difficulty in measuring performance is further complicated by the fact that many corporations have a complex organizational structure, with different business streams, functions and projects (Keeble et al. 2003).

"Europe has acquired a well-developed sponsorship system including an advanced reporting and monitoring structure, which is lacking in Asia" (Shen, 2004). Companies are required to publish a sustainability report therefore not all the companies are concerned about CSR practices and sustainability. Sustainability report has to cover all aspects of a corporation's CSR. Since CSR covers a wide range of topics, it is difficult for organizations to report all data necessary and available. To help organizations with this difficult task, there are various guidelines and systems to investigate relevant aspects of CSR, the Global Reporting Initiative guidelines (GRI guidelines) being a one of them. It is used by organizations all over the world.

"The GRI guidelines aim to contribute to the continuous dialogue with stakeholders. The guidelines focus on a larger group of stakeholders than the financial report, where focus is solely on shareholders. The guidelines should help to deliver the information that stakeholders expect. The GRI guidelines do not represent a code of behavior or a performance indicator, but aims to give tools to report measures that are taken to improve economic, social and ecological performances; this is to compare the results of those measurements and to compose strategies to improve. In this way, GRI gives indicators for subscribing to the CSR activities, like average hours of training per year per employees" (GRI, 2002).

According to Keeble et al (2003): "Frequently there maybe differences in opinion between internal and external stakeholders on what the indicators should be. External stakeholders may want to see performance measures that relate to their concerns and expectations (for example, ethics of product manufacture, health effects of product use, legal compliance), while internal stakeholders focus on what they know to be preventative measures (such as audit and inspection frequencies). The final set of indicators should be a balanced set reflecting the concerns of various stakeholders. The indicators should be framed with a clear message that the full set of indicators may change as both stakeholder concerns and expectations change, and also as the nature of the organization's social and environmental impacts evolve through operational changes, new products or markets or new lines of business."

Some indicators being applied in measuring a firm's social performance include social involvement disclosures in the annual report, external rating of a firm's social reputation and index, compliance with ethical standards, philanthropy and charitable donations, responsiveness to social issues, disinvestment from South Africa (Margolis and Walsh, 2001). Sustainability indicators can provide managers useful indication of progress and provide assurance that strategy commitments are being fulfilled. However, indicators are not much useful at a project or operational level where the kinds of social or environmental issues encountered vary from project to project. Appropriate use of indicators can be a powerful tool in addressing the sustainability of businesses both at a corporate wide level and at a project level (Keeble et al. 2003).

Some authors conducted a research on measurement of corporate social performance. Clarkson (1988) is one of the authors who investigate at least 29 matters including environmental, human resources, community relations, charity, customer relations and organizational practices and structures. Waddock and Graves (1997) go through: employee relations, diversity, product, community relations, environment, non-US operations and others in social performance measurement. Diltz (1995) argues that the Contemporary Economic Policy (CEP) index is a key factor in measuring a firm's social performance, which includes environment, charitable giving, and women in management, minority management, animal testing, information disclosure, community outreach, South Africa, family benefits, military work and nuclear involvement.

Indicators should reflect the business realities, values and culture of the organization, and as such their development should not be constrained to prescribed methodologies or standards. However, internationally recognized standards can play a role in informing the development of appropriate indicators. Examples include ISO14031, the Global Reporting Initiative (GRI), the Global Compact, the Sullivan Principles and the ICC Business Charter for Sustainable Development and the WBCSD Eco-Efficiency Metrics (Keebel et al. 2003). There are many sets of criteria to measure sustainability. Hart (1995) believes that the best measures may not have been developed yet but suggests the following criteria:

- Multi-dimensional, linking two or more categories (e.g. economy and environment)
- Forward looking (range 20 to 50+ years)
- Emphasis on local wealth, local resources, local needs
- Emphasis on appropriate levels and types of consumption
- Measures that are easy to understand and display changes
- Reliable, accurate, frequently reported data that is readily available
- Reflects local sustainability that enhances global sustainability

In-house indicators			Management indicators	Stakeholder/Business partner & product indicators	
Bribery and corruption	Fair trade	Workload	Auditing	Reputation	Corporate citizenship
Transportation	Code of conduct	Diversity and equal opportunities	Management systems	Product representation	Ethical products
Air	Working environment	Sickness	Business performance	Family friendliness	Suppliers/contractors
Environmental training	Quality	Training and personal development	Compliance	Local community	Shareholders
Water	Environmental costs	Employee benefits	Safety and occupational health	Social performance reporting	Business partners
Energy	Waste	Job creation	Health and safety	Reporting	Customers

More complex to collect

Increasingly external focus

The complexity of sustainability indicators

2.15 CSR in Tourism

Tourism is an industry which has a magnificent impact on a society. Responsible tourism can be a force for positive growth and economic success. “Tourism has the capacity to create employment, generate opportunities in many areas where other economic activities may not exist, bring earning and foreign exchange, provide infrastructure such as roads and airports, help preserve the local environment and provide well-being to the local community. On the other hand the travel and tourism industry can also be responsible for leakage, low pay and seasonal employment, instability and low job status, environmental degradation, displacement of local people, inflation, crime and the dilution of culture” (Dodds and Kuehnel, 2008).

Concern for corporate social responsibility has been grown in various industries. Hospitality and tourism haven’t been excluded from CSR concerns. “Sustainable tourism has now caught the attention of both government and industry all over the world. Socio-cultural and environmental considerations are now examined more seriously and the link between tourism and sustainable development has received growing endorsement” (Godfrey, 1998).

Dubois and Ceron (2006) argue that in order to be viewed as environmentally responsible, tourism companies must start implementing environmentally responsible policies that aid sustainable development. In order to meet these pressures, companies have to be able to properly and succinctly communicate their procedures. Companies can be commended for having responsible corporate practices, but if they do not communicate and share these practices with their various stakeholders then the efforts become slightly ineffective in that they are not aiding other companies to mimic or adopt the same behavior – therefore there is an increasing need for reporting.

Henderson (2001) state that: “that the characteristics of tourism add an extra dimension to CSR: society is part of the product and companies have acute duty responsibilities regarding the places they are selling at. This trait is likely to make them more sensitive to the adoption of CSR, even more considering that such a tendency has been supported by consumer tastes, the environmental movement and public bodies’ demands for better tourism management.”

According to Kalisch (2002), the focus on environmental concerns, use of technology and efficient use of energy in tourism industry has become a trend since 1992. “This emphasis was escalated to an international scale through the implementation of agenda 21. Agenda 21 as forwarded by the World Travel and Tourism Council (WTTC), the World Tourism Organization (WTO), and the Earth Council set international guidelines relative to sustainable tourism. The WTO went on to establish the Global Code of Ethics for Tourism (GCET), which is a "comprehensive set of ten principles whose purpose is to guide stakeholders in tourism development" (World Tourism Organization, 2005) These ten principles are not legally binding but do serve as guidelines to central and local governments, local communities, tourism operators, and tourists concerning preservation of the environment" (Holcomb et al. 1996).

According to Pezzey (1992) "…'sustainable tourism' is about asset management, where development and activity guarantees the integrity of the resource on which the industry is based while maintaining economic viability. Some initiatives such as "Green Hotels" have gained a reputation for their contribution to the society regarding environment. "Green Hotels," an initiative of the Green Hotels Association, focuses on programs that are designed to save water, save energy and reduce solid waste (Green Hotels Association, 2005).

Holcomb et al (2007) conducted a research on CSR reporting methods in most famous hotel chains such ass Marriot International, Accor, Intercontinental Hotels Group, Global Hyatt Copr., Starwood Hotels and Resorts, Hilton Hotels Corp. and etc. In their report they state that each company has its own method of reporting their CSR practices. Some of the hotel corporations do not provide a separate CSR report or publish a document which includes their annual report, they just provide vast amount of information regarding their CSR activities on their website. For example Accor Hotel Group has a CSR section on their web site which is labeled "Sustainable development". This section contains six major subsections:

1. Share holders
2. Local communities
3. Suppliers
4. Environment
5. Customers
6. Employees

Some other chains do not have a dedicated section on their web site and there are some reports that somehow can be related to CSR. For example Marriot

Corporation does not provide detailed information. Their CSR page is labeled "Diversity". Many other Hotel chains have CSR reports but under different names such as: corporate value, community ally, SR or corporate ethics. On some of the web sites it is not easy to find their CSR reports because there is no dedicated section to the subject and the activities have been reported loosely among other subjects. Various researchers have mentioned four guiding principles determining approach to tourism:

- Supporting development which contributes to, but did not impair environmental quality
- Emphasizing the importance of visitor impact management
- Promoting an understanding of environmental quality concerns
- Encouraging forms of tourism which would help safeguard the environment

Rettab and Ben Brik have conducted a research on CSR awareness among the hotel companies in Dubai. The result is as follow:

"Overall, company size appears to influence the extent to which they are aware of CSR. Hotel companies of more than 500 employees (85%) are more likely to be aware of CSR than those of between 100 and 499 employees (65%) and those of fewer than 100 employees (50%) Additionally, large hotel companies are twice as likely as medium-sized hotel companies to communicate CSR to their employees (60% and 33%, respectively). Only large hotel companies (20%) communicate regularly with stakeholders and report CSR achievements (20%) Although small hotel companies in the tourism sector are aware of CSR, they do not committees to oversee CSR practices, to conduct regular CSR audits, to report CSR practices, or to cultivate a regular dialogue with stakeholders. Similarly, three fifths (60%) of medium-sized hotel companies are aware of CSR but do not have any specific programme to implement CSR practices. Furthermore, large hotel companies are twice more likely to have CSR mission statements or guidelines than medium-sized hotel companies (82% and 40%, respectively)"

2.16 CSR in Asia

Evidence of CSR as a component of business-society relations is manifest in a variety of indicators within companies (e.g., staff, processes, codes and budgets devoted to CSR); corporate communications (e.g., Web site reporting, free-standing CSR reports, corporate branding); core stakeholder demands from consumers, employees, and investors; and wider stakeholder demands and pressure from nongovernmental organizations (NGOs), the media, and governmental organizations (Chapple and Moon, 2005).

Attempts have been made to document developments in countries where CSR has not been widespread in corporate practice and/ or not investigated yet (e.g., Kraisornsuthasinee and Swierczek, 2006; Luken and Stares, 2005; Vives, 2006). The challenges of globalization, particularly for Western companies operating in Asia and other parts of the developed world, have included the challenges of behaving responsibly according to the norms of their own and their host countries. This hypothesis is derived from research findings that show marked differences in CSR and its reporting even among such similar systems as the United States and Western Europe (Habisch et al. 2004; Maignan & Ralston, 2002; Matten & Moon, 2008)**.**

Often, it has been assumed that the emergence of CSR is a function of economic and social development. This follows from the observation that CSR appears to have taken off faster in Westernized than in other countries, as illustrated by Kemp (2001) It is assumed that higher levels of development lead to higher CSR because of higher levels of resources and greater awareness of issues, and thus, Asia lags behind the West in CSR penetration (KPMG, 2005; Welford, 2004). Given that differences in historical attitudes to government, long-run government-business relations, and public policy designs are used to explain differences in the CSR of countries whose social and cultural heritages are as similar as the United Kingdom and United States (Moon, 2004).

Globalization will encourage CSR as globalization in Asia is largely a function of the increased activity of Western businesses (which we assume to have higher levels of CSR), we might expect the spread of CSR into Asia. This would arise because of increased operations of Western companies in Asia, whether through export or production, which would entail these companies bringing their CSR policies to Asian countries and either applying them to or adapting them to the national circumstances

(Perlmutter, 1969). Alternatively, it could be argued that the very nature of internationalization, by companies of any nationality, leads to an increase in CSR. This could be expected to result from two sorts of factors. First, it might be envisaged that as businesses trade in foreign countries, they see the need to establish their reputations as good citizens in the eyes of new host populations and consequently will engage in CSR as part of this process. Second, it could be argued that the emerging systems of world economic governance create incentives for greater CSR. This could result from the increase in global business watchdogs (e.g., NGOs, ethical investment firms).

The higher is the level of investment into a country from abroad, the higher the likely influence of foreign practices on domestic companies. CSR penetration is correlated with the identity of the countries with which it trades. If a corporation trades principally with Westernized nations, one might expect them to raise their levels of CSR activity to coincide with those of their trading partner. Multinational companies will be associated with higher levels of CSR penetration than those domestically headquartered companies that do not operate outside the respective countries.

The involvement of governments in developing countries is crucial if CSR programmes are to succeed in alleviating poverty. Isolated projects on a micro scale will never result in sustainable development; that can be achieved only if there is a link with macro developments in the developing country. For that, companies must collaborate with governments. However, this is easier said than done. In Azerbaijan, a country in the South Caucasus region, BP is hampered by the government's unwillingness to make its oil revenues more transparent and to combat corruption (Gulbrandsen and Moe, 2007). This is known as the 'resource curse', whereby large revenues from the extractive industries sector, combined with corruption, a weak tax system and little interest in economic diversification, cause social inequality and economic stagnation. It is completely impossible for a CSR programme to change this, precisely because many companies perpetuate the resource curse simply with their presence (Frynas, 2005). The CSR debate therefore has to become more critical, and research into CSR at the macro level is vital (Blowfield, 2007).

Whether CSR really is the long sought-after instrument that can break the spiral of poverty depends to a large extent on the private sector implementing CSR values more seriously in its day-to-day business model, and tackling the conflicting internal interests effectively. CSR will also have to tie in better with anti-poverty projects in the South, and companies will have to take more heed of the demands of local communities.

The marginalized communities are entirely unrepresented in official discourse. Furthermore, many are embroiled in protracted disputes with the political and economic elites over land and property rights. A CSR initiative for such communities, such as building a new school or medical post, will not resolve these underlying problems of exclusion and poverty (Quak, 2008). Without doubt, Environment is the No. 1 issue for being considered a responsible corporate citizen. All sample companies have raised their concern for the environment. Most companies have special reports on the environmental assessment of their production and commit themselves by joining the UN Global Impact, supporting international agreements like Kyoto and last but not least focus on product recycling and use renewable energy. Companies also sponsor environmental research and projects like fighting desertification in China (Shen, 2004).

Another interesting phenomenon is the staff involvement in corporate sponsorship activities in Asia. 44% of the chosen Asian companies have their own staff initiatives, compared to merely 10% for European companies. Number of factors that prevent the development of CSR in developing countries, for instance: civil society is not well organized; the government does not strongly promote CSR; companies do not face strong, constant pressure; and the press has yet to assume the role of watchdog. Such countries face a number of obstacles to corporate responsibility. This is mainly due to the fact that institutions, standards and systems – which are the foundation of CSR in Europe and the USA – are comparatively weak in developing nations (Kemp, 2001).

Where emerging markets have been covered, this usually involved the activities of North American or European companies there, thus targeting foreign subsidiaries of multinational enterprises (MNEs) rather than local companies (Husted and Allen, 2006). The argument put forward by Logsdon et al (2006) in a sense implies that judging local companies on ‘Western’ standards will yield few results. In considering CSR in new/other settings, however, it must be noted that different notions and backgrounds of CSR (Katz et al. 2001) do not necessarily translate into concomitant differences in CSR performance. One could argue that even if values and perceptions of CSR vary, it may still be the case that when it comes to implementation, similar practices are being followed, or that different approaches nevertheless lead to comparable outcomes. This means that performance deserves further attention, particularly to expand beyond the environment, traditionally the most commonly studied CSR issue, to also include other dimensions. In this way, more insight can be obtained into the extent to which CSR performance in emerging markets actually differs, regardless of the origins and context specificity of the CSR concept.

2.17 CSR Practices in UAE

In the current situation of international trends in CR, an understanding of the state of corporate responsibility in the UAE is increasingly important in particular with regard to its relevance and significance for the country's corporate sector. It has been agreed by most of the researchers that society’s expectations from business vary considerably between countries. Each country’s culture has a magnificent effect on choosing methods for creating a sustainable business platform.

“Dubai has lofty plans for growth in the coming years. The regulatory and business environment is designed to encourage economic growth. Achieving sustainable growth that is economically efficient and socially responsible requires Dubai business to adopt CSR policies and actions”(Rettab and Ben Brik, 2008).

According to Hosftede (1991) “Developing societies are more likely to follow a caste system that does not allow significant upward mobility of its citizens. They are also highly rule-oriented with laws, rules, regulations, and controls in order to reduce the amount of uncertainty, while inequalities of power and wealth have been allowed to grow within the society. When these two Dimensions are combined, it creates a situation where leaders have virtually ultimate power and authority, and the rules, laws and regulations developed by those in power reinforce their own leadership and control. It is not unusual for new leadership to arise from armed insurrection – the ultimate power, rather than from diplomatic or democratic change. The high Power Distance (PDI) ranking is indicative of a high level of inequality of power and wealth within the society. These populations have an expectation and acceptance that leaders will separate themselves from the group and this condition is not necessarily subverted upon the population, but rather accepted by the society as their cultural heritage.” Hofstede has created a Cultural Dimension System. As for the Individualism (IDV) the lowest ranking among the Arab World is 38, compared to a world average ranking of 64. This translates into a Collectivist society as compared to Individualist culture and is manifested in a close long-term commitment to the member 'group', that being a family, extended family, or extended relationships. Loyalty in a collectivist culture is paramount, and over-rides most other societal rules”(Hofstede, 1991).

Global Education Research Network has done a very intensive research about the state of CSR practices in the fine continents. They have chosen United Arab Emirates as the country to be studies in Middle East. The report describes CSR practices in UAE as follow:

"In the U.A.E. corporate citizenship is still in infancy. Business leaders are beginning to embrace corporate social responsibility, but the majority of companies display a conventional understanding of the concept of corporate social responsibility. In the U.A.E., it is characterized by a narrow focus on economic efficiency, legal compliance and charity and does not extend into broader stakeholder engagement. U.A.E. companies' view of corporate citizenship is limited to regulatory compliance, business growth and worker health and safety."

Some of the Arab countries are going through a process of transformation and redirection in a very complex and conflict-reach setting. Some countries suffer from political and macro economic instability. For example in 2002, none of the countries were considered to have political stability by the World Bank except UAE which was at the border line (Kauffman and Masteruzzi, 2003). It can also be argued that given the poor performance of governments in the region, business has no choice but step in to reduce the social tension, gain legitimacy and create a safer environment to conduct business. Supporting this possible explanation, most philanthropic activities focus around supporting education and research, building hospitals and schools etc, all of which fall under the responsibility of the state and severely under supplied. The reports give an account of current "CSR" practices in the region. The common characteristics are as follows:

1. Subsidiaries of multinational companies demonstrate examples of "CSR" by simply complying with their corporate policies. They are also the primary source of funding for "CSR" oriented NGOs
2. Philanthropic activities are focused on supporting education, health care and other shortcomings in the social welfare
3. Business organizations and business funded Civil Society Organizations (CSOs) are more active in promoting the concept of "CSR" than Grassroots Civil Society Organizations. This drives the search for "business case".
4. Corruption and unregistered economy is a major issue

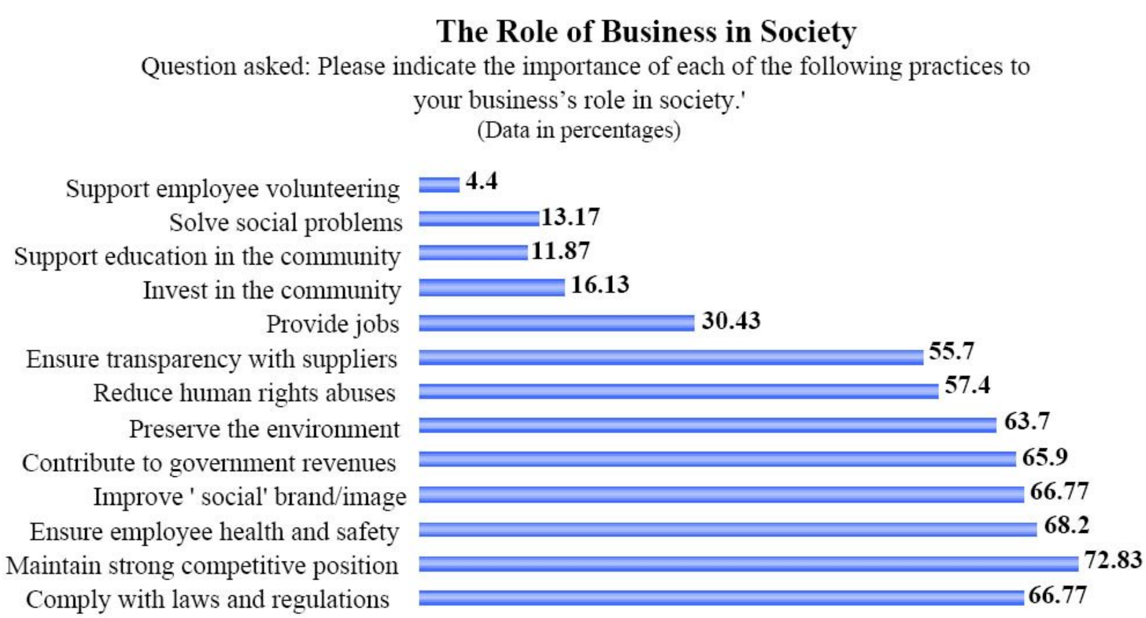
5. There is an upsurge of new laws and regulations in the region which include labor and environment related provisions induced by the to comply with international agreements and/or standards
6. Businesses that are suppliers to European retailers are forced to comply with international or sector based codes of conduct
7. International activism reaches the MENA countries and encourage emergence of local activist organizations
8. A handful of local companies fund the NGOs which is a matter of concern in relation to their independence and motives
9. Reputation and good image of companies are more important for the society than their observed behavior
10. In most countries the society does not differentiate between ethical behaviors and obeying the law in evaluating the business behavior. The absence of free investigative press and restrictions on the rights to organize and freedom of speech put constrains on development of GSCOs.

According to report published by Global Education Research Network: "CSR still does not appear as strong in Dubai as in other Western countries. Although business leaders in Dubai accept, and are beginning to embrace, corporate social responsibility, the majority of companies show a limited understanding of the concept of CSR. Few companies have responded by developing practices for managing the risks and the opportunities associated with CSR. Instead, corporations in Dubai seem narrowly focused on economic efficiency, legal compliance and charitable activities, and much less so on meeting other stakeholders' expectations."

Rettab and Ben Brik (2008) have identified six stakeholders who influence companies to adopt CSR in Dubai. These stakeholders are:

1. Customers
2. Employees
3. Investors/shareholders
4. Environmental experts
5. Suppliers
6. Members of the community

The mentioned stakeholders group has often been identified as particularly relevant for modern organizations. In 2006 Rettab and Ben Brik conducted a survey on CSR practices in Dubai. In this survey they have questioned executives of small, medium and large companies. According to their survey results 72% of managers and executives were aware of CSR and 93% were committed to it. In 2007, the responses of the 310 executives indicated a similar outcome. Unfortunately business executives in Dubai do not have a uniform and common understanding of their business role in society. Most executives surveyed by Rettab and Ben Brik view their engagement in CS narrowly, focusing on in-house improvements such as maintaining a strong and competitive position, improving their brand and ensuring workplace health and safety. Most of these executives haven't recognized the broad scope of CSR. For example most of them do not rank solving social problems or supporting community development as significant roles of business in society. Figure X has been generated by Retteb and Bin Brik based on the survey conducted among the business executives working in Dubai.



CSR practices in Dubai are not much focused on the external stakeholders. Majority of the executives and managers recognize the shareholders, customers, employees and suppliers as the most important stakeholders that have to be ethically treated. Most of the CSR practices are focused on improving workplace by promoting organizational fairness and support of the employee rights such as supporting employee educational development, work-life balance and equitable treatment of employees irrespective of gender and ethnicity. Environment and community are not still the top priority of CSR initiatives in Dubai.

Chapter Three

Methodology: Case Study Approach

3.1 Method of Data Collection

For data collection two weeks was spent in Jumeirah group's head office. First step was going through all the documentations related o CSR practices in Jumeirah and by this action a through understanding of the practices was developed.

The next step was gathering information from the top managers from different properties such as: Operational Manager of Bab Al Shams, Division Manager of Jumeirah Beach Hotel, General Manager of Wild Wadi and Head of Human Resources of Jumeirah. All the information was collected through having informal conversation and they talked about the challenges they are facing and explained the steps they have taken in order to be aligned with Jumeirah's CSR strategies.

To acquire more comprehensive information about CSR in Jumeirah Group a CSR workshop which was conducted by head of strategic planning was attended. Participants of this workshop were all the top managers of Jumeirah Hotels and resorts and also senior executives of head office. During the workshop each participant talked about the challenges they are facing regarding implementation of CSR in their division and they also explained the progress they have made. The nature of the workshop was so dynamic and all the participants were freely criticize the strategies and were suggesting new ideas and the director of CSR department was openly accept the points and make notes to consider making changes in the current and future strategies. After studying the practices through documents and workshop the Head of CSR department arranged for a tour around the staff accommodation complex. During this tour casual conversations have been taking place with employees. The facilities provided to the staff and the activities arranged for their entertainment was also examined during this tour. Following observing and gathering all the data the Head of CSR Department answered to all the questions and provided evidence for all the practices claimed to be done. At this stage interviews was conducted mostly with strategic planning department, Human resource and CSR Department.

Subsequent to putting together all the collected information and statistics two different questionnaires were designed and posted on the Jumeirah Group's Intranet. The first questionnaire was designed for top managers and the other one was for the rest of the employees regardless to which department they are working in or what they position was. The result of the survey was used to generate statistics to examine the level of satisfaction among the employees and also evaluating the correctness of data provided by the top managers.

3.2 Purpose of the Research

The purpose of this research is to examine CSR practices in Jumeirah Group. Jumeirah Group was selected because have started working as a local company and by achieving a great success in the hotel management industry, Jumeirah have obtained an international respected reputation. As an international company Jumeirah is required to comply with the global standards. These days CSR and environmental are very important issues in hotel and tourism industry. All the large chain hotels have been implementing very district rules and regulations to fulfill their social duties regarding society and environment. Hence Jumeirah as an international organization haven’t been excluded from this obligation.

In this research the main target was to study Jumeirah's CSR strategies as one of the pioneers of executing CSR in all their activities and transactions. Jumeirah has succeeded to bring in CSR to action as a part of the business core and as a main focus of all the strategic plans. Providing a report on the CSR approaches Jumeirah have employed will help other organizations in any field, to learn from Jumeirah and be more focused on being a social responsible entity.

The research may also point out some of the limitations Jumeirah is facing regarding CSR and provide solutions. Therefore some of these limitations can not be solved by Jumeirah and the problems with the government's rules and regulation and can just be solved by changing laws or strategy of the company.

3.3 Research Approach

There are four main components to this research. In the first chapter an explanation of the reasons this research was conducted have been provided. The main objective of this phase was to explain the importance of CSR in the modern world and put a stress on the important of implementing CSR in under developed countries. CSR is a new subject in UAE and just recently the rulers have been putting stress on the subject. Collecting information on such a newborn issue is not easy. There is not much a journal article, books or researches available on the subject of CSR in UAE. The best source for acquiring knowledge on the CSR strategies used in UAE was using "Dubai Ethical Resources Center"(DERC) which is a part of "Dubai Chamber of Commerce".

The first step for developing a comprehensive knowledge of the CSR concept and the practices in UAE was attending a 2 weeks training and internship in DERC. The objectives of this training were:

- Developing an inclusive knowledge of CSR definition, practices and understanding the meaning of all related term.
- How to manage the data collection regarding CSR practices in a company.
- How to evaluate a company's performance in regard to Sustainability, Environment and business ethics.
- Studying and evaluating CSR practices in other companies of the same field in other countries.
- Listing the possible strategies can be used by a company regarding to their nature of their activities
- How to prepare questions for an interview and how to conduct the interview
- How to conduct a survey and analyze the results
- How to use the collected data and write the result of a case study as a report

After this step and collecting and reading various journal articles and other sources on CSR writing the literature review started. Literature review starts from offering a broad definition of the CSR and related terms and after defining all the related terms, it narrows down to the region and industry. Subjects for this section have been selected based on the used terms and theme of the case study. Since CSR is a very broad subject, it has been tried to capture the most important issues discussed in the case study and provide a literature review based on that.

To write a case study about CSR practices in Jumeirah Group a great amount of time was spent to collect information on Jumeirah’s CSR strategies. To study Jumeirah’s CSR activities it was decided that the best way to observe is “balanced observation”. To be a balanced observer the try was to maintain a balance between being an outsider and insider. All the data was collected through a field study in the head quarter of Jumeirah Group during 2 weeks. Field study was arranged through “CSR department” and the main contact point was “Director of CSR conducting interviews, searching articles in local magazines, contacting "Dubai Ethical Resources" and questioning them regarding Jumeirah's CSR activities, studying and examining all the official documents available in Jumeirah's "Corporate Responsibility" department. During this time informal conversations were made with employees and managers. The effort was to avoid formal interviews to make the interviewee feel comfortable and talk without restraint. It was crucial to build a trust so the employees feel secure to talk about their concerns and not just try to make positive statements.

Last part of the research is studying the strength and weak points of Jumeirah Group regarding their CSR utilization strategies. In this chapter the main focus is on providing guidelines for the other companies in the region which are facing the need of implementation of CSR in their activities. It is also essential to take an in depth look at the challenges that all the corporations are facing regarding CSR practices; Challenges that are related to culture, nature of the country, governmental rules and regulations and other external factors that every firm may face.

Chapter Four

CSR Practices in Jumeirah Group

4.1 Introduction

"Today, corporate social responsibility goes far beyond the old philanthropy of the past donating money to good causes at the end of the financial year – and is instead an all year round responsibility that companies accept for the environment around them, for the best working practices, for their engagement in their local communities and for their recognition that brand names depend not only on quality, price and uniqueness but on how, cumulatively, they interact with companies' workforce, community and environment. "Now we need to move towards a challenging measure of corporate responsibility, where we judge results not just by the input but by its outcomes, the difference we make to the world in which we live, and the contribution we make to poverty reduction" (Gordon Brown, Chancellor of the Exchequer cited by Amaeshi et al. 2006).

While CSR does not have a generally accepted universal definition, many see it as the private sector's way of integrating the economic, social, and environmental impacts of their activities. As such, CSR closely resembles the business pursuit of sustainable development and the triple bottom line. In addition to integration into corporate structures and processes, CSR also frequently involves creating innovative and proactive solutions to societal and environmental challenges, as well as collaborating with both internal and external stakeholders to improve CSR performance.

Although businesses in various parts of the world have started to deal with CSR issues in their respective companies, CSR practices in the UAE are in their infancy. However, companies and other stakeholders have recently started debating CSR in the Middle Eastern context and begun looking for ways to develop CSR programs. Various seminars and conferences about CSR within Middle Eastern and particularly Gulf region countries have recently taken place.

The Jumeirah Group can be considered as one of the leading CSR companies in the UAE. It is working to integrate CSR throughout all management levels and business units. This case-study will describe its approach and highlight some of the challenges Jumeirah faces in integrating CSR in the UAE context.

4.2 Jumeirah Group

Jumeirah Group was founded in Dubai in 1997. Jumeirah properties are regarded as among the most luxurious and innovative in the world and have won numerous international travel and tourism awards. The fast growing Dubai based luxury international hospitality group encompasses the world renowned Burj Al Arab, the world’s most luxurious hotel, the multi-award winning Jumeirah Beach Hotel, Jumeirah Emirates Towers, Madinat Jumeirah and Jumeirah Bab Al Shams Desert Resort & Spa in Dubai, the Jumeirah Carlton Tower and Jumeirah Lowndes Hotel in London and the Jumeirah Essex House on Central Park South in New York.

The group’s activities are however, not restricted to hotel and resort management. The Jumeirah Group portfolio also includes Wild Wadi, regarded as one of the premier water parks outside of North America and The Emirates Academy, the region’s only third level academic institution specializing in the hospitality and tourism sectors. Jumeirah Group also manages “Jumeirah living” which is a luxury brand of serviced residences. Jumeirah Retail is also a part of Jumeirah Group which runs 15 stores as well the luxury online store jumeirahcollection.com.

Jumeirah Hotel and Resorts		
Currently Managed	**Hotels & Resorts**	**Rooms & Suites**
Dubai	7	2208
London	2	307
New York	1	509
Under development with signed Management Agreement (MA)		
Abu Dhabi, Dubai (3), Bahrain, Kuwait, Qatar, Jordan, China (3), Indonesia, Maldives, Thailand, London, Scotland, Spain, Argentina, US, Virgin Islands.		

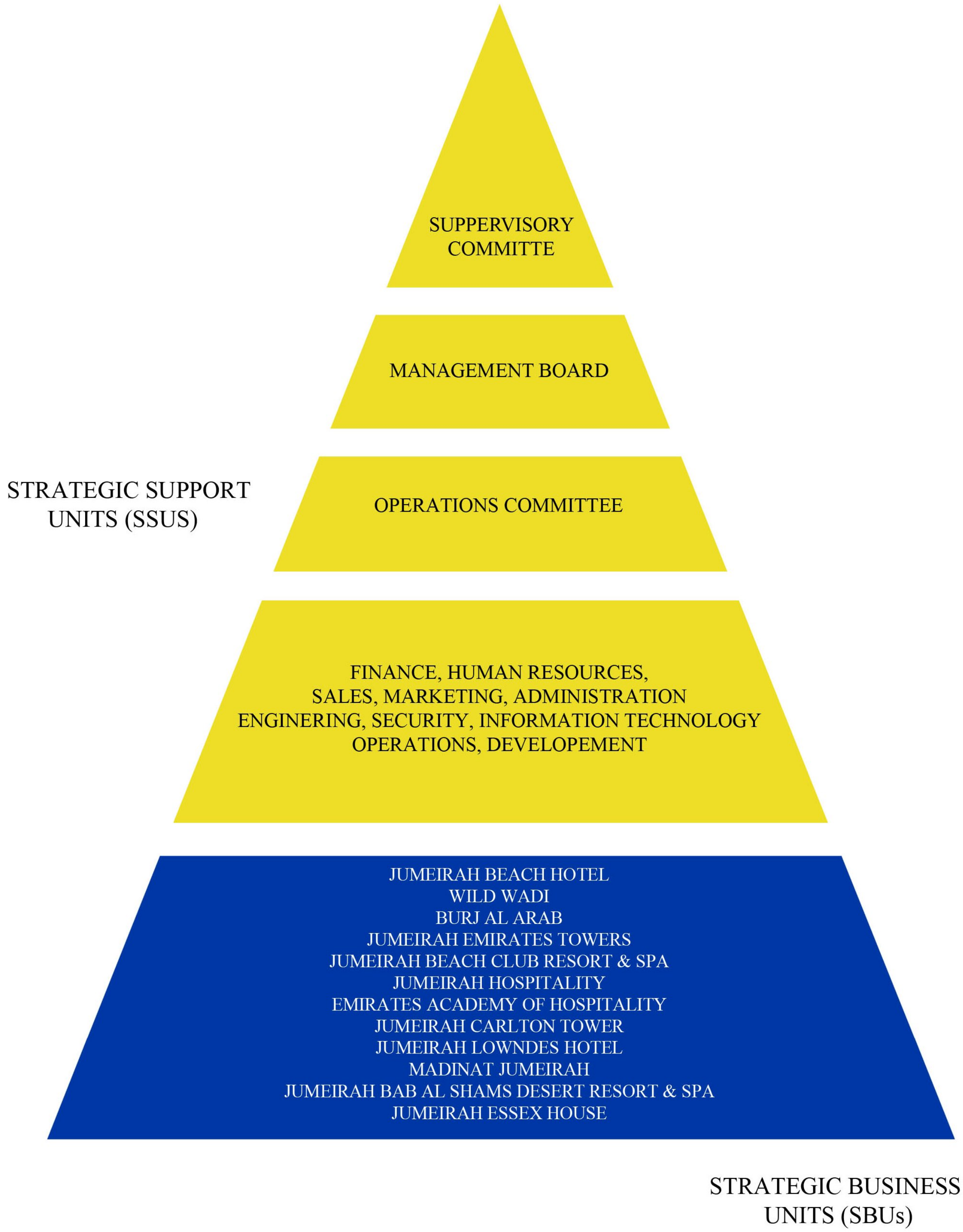
Jumeirah Hotels & resorts Portfolio Break Down (December 31st 2008)

Building on this success, Jumeirah Group became a member of Dubai Holding in 2004, a collection of leading Dubai based businesses and projects, in a step that aims to initiate a new phase of growth and development for the group. Jumeirah's ambitious expansion plans to grow its portfolio of luxury hotels and resorts worldwide to 57 by 2011 are well underway with projects currently under development in Dubai, Abu Dhabi, Aqaba, Doha, Phuket, Shanghai, Bermuda and London.

Jumeirah's Vision is to be a world-class international hotel and hospitality management company, committed to being the industry leader in all its activities, through dedication to their colleagues (employees), customers, owners and business partners. To achieve this Jumeirah embraces three Hallmarks and six Guiding Principles. The three Hallmarks are:

1. I will always smile and greet our guests before they greet me
2. My first response to a guest request will never be no
3. I will treat all colleagues with respect and integrity

And the Guiding Principles are Integrity, Teamwork, Recognition, Innovation, Continuous Growth and People Focus. These Hallmarks and Guiding Principles are embedded in Jumeirah's daily activities, ensuring a consistent approach to Business Excellence whilst adhering to regulatory requirements.



Jumeirah Company Structure

4.3 CSR in Jumeirah

CSR is at the core of the spirit with which Dubai Holding was founded (for the good of tomorrow) and is embedded in Jumeirah’s Vision, Hallmarks and Guiding Principles which are the roots of Jumeirah's CSR. Jumeirah’s approach to CSR is not to reinvent the wheel; it is about building on existing practices, maximizing its positive impact and making a greater link between CSR imperatives and its business strategies and core activities.

Jumeirah Group’s commitment to Corporate Responsibilities was demonstrated at the 2008 Annual Dubai Holding Excellence Awards. Jumeirah received Gold status and six other awards in for: Best corporate Responsibility, Best leadership, Best employee satisfaction, Best customer satisfaction, Best management by process and the Best employee. In the same year Jumeirah participated in the first “CSR Arabia Awards” in the “Large Company” category and was awarded the third place.

4.4 Jumeirah’s CSR Statement and General Guidelines

Jumeirah Group has a CSR policy statement and General Guideline for managing CSR to be followed by all its business units. Although there is a high-level framework for managing CSR throughout the company, each of Jumeirah’s hotels and resorts are empowered and encouraged to initiate relationships with local organizations to promote CSR initiatives and build strong, long-lasting positive relationships with the local communities in which they operate.

4.5 Integrating CSR into Group Strategy, Core Processes and Activities

For Jumeirah Group, CSR means its efforts in pursuing sustainable outcomes by having in place good business practices and standards under its defined key areas of responsibility: Corporate Governance, Business Conduct and Ethics, Health & Safety, Colleagues, Customers, Suppliers, Business Owners, Local Communities, and the Environment. The last six areas are Jumeirah Group key stakeholders.Jumeirah's Corporate Responsibility (CR) can be summarized in four key components:

1. Stakeholders' engagement and understanding their expectations in order to exceed them and add value.
2. Management of key economical, social and environmental impacts, risks and opportunities.
3. Implementation of responsible business practices and guidelines in regular and routine activities.
4. Providing stakeholders comprehensive reports on the progress

To ensure that sustainable business practices and standards are embedded into Jumeirah's day-to-day business activities, the General Guidelines for managing CSR are integrated into the company's overall strategic management framework; namely the Strategy Map and Balanced Scorecard. This is further strengthened by the company's Business Excellence framework which is based on the EFQM model.

Jumeirah CSR Statement and General Guidelines CSR Policy Statement "We, at Jumeirah Group, are committed to our vision whilst ensuring that we conduct our business in a responsible and transparent manner to create a balanced and sustained positive impact: economically, socially and environmentally."

4.6 General CSR Guidelines

1. Identify and prioritize key stakeholders and seek their involvement in any decision-making processes that will directly or indirectly affect them.
2. Identify and evaluate all potential risks to the business and transform the significant ones into CSR objectives with targets and indicators.
3. Integrate economic, social and environmental considerations into decision-making processes and strategy.
4. Have in place business processes and management systems which ensure the delivery of positive social, health & safety and environmental performance, as well as superior economic performance.
5. Regularly assess, manage and improve CSR performance towards the delivery of agreed objectives to key stakeholders.

6. Regularly review and improve policies and procedures to encourage and enable responsible business behavior.
7. Work in partnership with key stakeholders, authorities, non-governmental organizations, the private sector, community bodies and unions to promote business activities and implement programs that bring simultaneous economic, social and environmental benefits and encourage innovative approaches and application of best practice.
8. Provide CSR education, training, or other awareness programs to employees and where appropriate, their families, community members, suppliers or other stakeholders to stimulate change and continuous economic, social, health & safety and environmental improvement.
9. Support appropriate and deserving action groups and charities where practical to do so. While business units will be responsible for the selection of their region's sponsorship and community charity activities according to their marketing strategies and brand support, the Group will seek to identify one or more organizations, which it believes will benefit the communities in which the Group operates.

The Strategy Map provides Jumeirah with a visual framework that defines the organization's strategic objectives across four perspectives: Customer, Learning and Growth, Process, and Finance.

Through its Learning and Growth perspective, Jumeirah reinforces its commitment to people, culture and knowledge, which in turn, supports the delivery of its 'STAY DIFFERENT' brand promise to its Customers. A framework of key processes underpins Jumeirah's desired performance outcomes in the Process perspective. The alignment of these perspectives ensures that Jumeirah delivers enhanced financial performance.

Jumeirah's Balanced Scorecard articulates Jumeirah's strategy into easy to understand, tangible and measurable targets which must be met in order to verify that the strategy is implemented. Those targets are not set in isolation and are based on understanding the interdependencies within the Strategy Map to derive sustainable outcomes while adding value to Jumeirah's stakeholders. In addition, immediate strategic objectives within the organization are given focus through Jumeirah's yearly

"TOP 5" priorities. The establishment of the TOP 5 priorities or focus gives Jumeirah direction in order to achieve its strategic plan for the coming year.

Once Jumeirah establishes its TOP 5 priorities for the coming year, certain objectives become the focal point of the organization, and they get priority when it comes to resource allocation, organizational decisions and action plans. Leaders and managers monitor and review those must-win objectives that are aligned to the TOP 5 priorities because their achievement reflects the shared aspirations of the leadership team and inspire and energize the whole organization. For example, one of the TOP 5 priorities for 2007 is to "Embrace Change" through a series of sub-objectives which includes strengthening Jumeirah's CSR.

Jumeirah's long term Strategy Map, Balanced (or Sustainability) Scorecard and TOP 5 priorities are reviewed and set through an ongoing dialogue and engagement with stakeholders (e.g. customers, colleagues, business owners, etc) along with data and information obtained from organizational performance analysis, benchmarking, market and competitor analysis and risk assessment. This in return is presented and discussed at the commencement of the company's annual strategic planning meeting where they review and set Jumeirah Group Strategy Map towards the delivery of sustainable outcomes. All related policies enabling sustainable outcomes are developed, reviewed and updated accordingly at Corporate, Regional and Business Unit levels in line with a series of organizational processes linked to Jumeirah Group Strategy Map.

Furthermore, the Board Compendium compels members of Jumeirah Group Management Board to set and update policy and strategy in line with the Group's Business Conduct and Ethics policy. This requirement ensures that Jumeirah complies with global and local business environment, legal requirements and societal values. At the same time Management Board members consider alignment of systems to Vision, Guiding Principles and Hallmarks, core company policies, defined authority levels and recommendations from specialist committees such as the Health & safety/CSR committee.

4.7 Jumeirah Strategies for Implementing CSR

Jumeirah's business strategies are inseparable from CSR policies. In Jumeirah key stakeholder's expectations are being reviewed constantly to integrate then with CSR strategies. "Through this process framework, the Jumeirah Group Board of Directors sets the Group's strategy recognizing its accountability to stakeholders. The strategy takes into consideration data and information obtained from organizational performance analysis, market and competitor analysis, benchmarking and risk/ opportunities assessment. The resulting performance targets and indicators are managed through the Jumeirah Group Balances Scorecard and one page Strategic Plan" (Jumeirah Group CSR Report, 2008). To measure and review the result of CSR strategic plans, EFQM Excellence Model is being used. This model divides the practices in to four key results:

1. Customer Results
2. People Results
3. Society Results
4. Key Performance Results

The measures and targets associated with each result area are reviewed on a monthly basis by senior management and reported to the Board quarterly. Jumeirah has a long term objective to develop stakeholder dialogue. This dialogue is outlined by the Accountability AA1000 Stakeholder Engagement Standard. This framework will assist Jumeirah to align their operations and communications with the stakeholders' expectations.

In 2008 a CSR Review Group chaired by the Chief Operating Officer (COO), Frank Vanderpost was formed. CSR Review Group was created to guarantee embedment of CSR strategy plans within the operations framework of the business. The group CSR Director reports directly to Chief Operating Officer. Each property has a CSR champion who meets bimonthly at CSR Network meetings. CSR performance is reported quarterly by the CEO of Jumeirah Group to Jumeirah LLC Board of Directors through the Executive Chairman's Committee. The CEO is ultimately accountable for the Group's CSR performance.

4.8 Examples of CSR Related Policies and Practices

In addition to fostering CSR internally in the organization, Jumeirah has CSR affiliations with a number of organizations such as the IBLF International Tourism Partnership, Dubai Centre for Corporate Values, Dubai Ethics Resource Centre, the ‘Save the Children’ Foundation, The Dubai Centre for Special Needs and the Make a Wish Foundation. These organizations have been selected due to their like-minded approach to implementing CSR programmes that bring economic, social and environmental benefits and their innovative approaches and application of best practice.

4.8.1 Responsibility towards Employees

One of Jumeirah’s most important commitments is creating a sustainable working environment for its colleagues. To achieve this target there are well-designed and practiced human resources policies in place such as the Equal Employment Opportunity Policy. As an equal opportunity employer, Jumeirah is strongly committed to Emiratisation, to providing equal employment opportunities for both men and women, and to integrating individuals with special needs into the workforce. In 2006 Jumeirah received the Dubai Human Development Award, in recognition of its commitment to Emiratisation and its ongoing effort in recruiting and developing UAE nationals3.

The Human Development Award is presented annually by the Government of Dubai Department of Economic Development to private companies in various sectors including tourism and hospitality.

4.8.2 CARELINE

This service was initiated to provide a confidential hotline for colleague welfare concerns. In addition to CARELINE, colleagues’ feedback is received through an annual Colleagues Opinion Survey. Colleagues are encouraged to complete the survey in paid work time and write feedback to enable the company to drill into issues important to colleagues. With a response rate of 90% last year, this led to many improvements in colleagues’ welfare such as improved restaurant facilities and upgraded healthcare scheme.

4.8.3 Diversity in the Workplace

Jumeirah employs about 10,500 colleagues from 102 nationalities and an increasing numbers of females and UAE Nationals, in line with its equal opportunities policy and commitment to Emiratisation respectively. One of the most important rules in Jumeirah is to treat all colleagues with respect and integrity in accordance with Jumeirah's Hallmarks and Guiding Principles. To support colleagues in building cultural bridges, Jumeirah deploys various activities and cross-cultural training programs such as 'Culture Connect', 'Culturiosity', the annual 'Iftar' event in Ramadan as well celebrating national and religious events of various countries and cultures. The internal bi-monthly newsletter 'chit-chat' includes a calendar that reflects various social and cultural events and activities. In addition, fluency in languages is highly regarded and subsequently encouraged and rewarded. Jumeirah pays a language allowance for selected guest facing colleagues who are able to effectively communicate in Arabic, French, German, Japanese, Russian, Italian or Spanish. The number of colleagues paid a language allowance has increased year on year since 2004 from 563 to 721 in 2006.

4.8.4 Training

A learning and development site on Jumeirah's intranet (named Mercury) provides easy access to course outline, content, and calendar. Providing nearly 65 different courses, colleagues are empowered to select learning and training activities from the Centre for Training and Development and the Learning Resource Centre. Access to external development opportunities, higher qualification and academic studies is available and has been recognized as a driver for retention and the development of specialist expertise.

4.8.5 Employee Welfare

Jumeirah is focused on providing a comfortable and healthy living place for its colleagues to contribute to good work performance. Its 10,500 colleagues in Dubai are provided with accommodation in accordance with Jumeirah's Housing in UAE policy. Oasis Village, Jumeirah's main accommodation complex for over nine years, houses more than 6,000 colleagues. Purpose built to a high standard, the facility ensures colleagues are comfortable and helps supports Jumeirah's desire to be a preferred employer. As well as housing, Oasis village has extensive social and recreational amenities with a wide range of sporting facilities, lounges and food courts. Colleagues are also provided with uniforms and laundry services. Using colleague feedback, facilities have been improved through the introduction of 24-hour supermarket with benchmarked competitive pricing and a 24-hour coffee shop. Access to internet technology was provided to keep colleagues in touch with friends and loved ones. A purpose-built commercial bank was also opened in the complex with monthly visits by a money exchange provider to assist colleagues in sending money back home.

Colleague transportation to and from the workplace and drop off / pick up points around the city are also available 24/7. Satisfaction of remuneration is widely measured through Colleague Opinion Survey with changes and enhancements communicated to colleagues before deployment.

Colleague improvement groups look at particular areas and recommend improvements. For example, the Food Committee was formed to collect colleague feedback regarding restaurant facilities. Some improvements include different menus to ensure authenticity of national cuisines. Also, lunches with Jumeirah's senior management take place quarterly where peers nominate colleagues to table issues and feedback on outcomes.

In January 2007, Dubai Municipality awarded Jumeirah for the Best Labor Accommodation.

4.8.6 Supply Chain

Jumeirah has guidelines concerning procurement and supplier relationships. This includes:

1. **Supporting local industries**

Jumeirah's long standing commitment to equal opportunity is reinforced through Supply-Chain & Logistics Supplier Diversity Development initiative (SDD). This initiative is focused on increasing the participation of SME (Sheikh Mohammed Entrepreneurs, also known as Sheikh Mohammed Bin Rashid Establishment for Young Business Leaders) businesses in the supplier base to levels more reflective of the diverse business community of the local industry. Jumeirah includes these suppliers in its tendering process giving them an equal opportunity of winning Jumeirah's business. In an environment where strategic sourcing efforts can make it difficult for small niche companies to play a role, SDD seeks to identify and develop these suppliers and then match their unique capabilities to meet Jumeirah's varied business needs. As suppliers grow and strengthen their business and are able to meet Jumeirah's needs, this will help create jobs and economic development opportunities within local communities.

2. **Ethical Conduct**

Jumeirah considers ethical practices of its suppliers as critical when building relationships/ partnerships. It is always considered a risk when activating a new supplier and therefore Jumeirah's colleagues take the lead in ensuring ethical standards are followed through and suppliers are aware. Wherever possible, Jumeirah seek information and request suppliers to disclose their ethical standards.

4.8.6 Environment

Across Jumeirah's hotel properties, there are various recycling, reduce and reuse initiatives in place for paper, cardboard, spent cooking oil, print cartridges, batteries, IT hardware and coat hangers. The 'Abras' in Madinat Jumeirah are electrically powered to minimize water, noise and odor pollution. Jumeirah uses biodegradable, non-toxic, non-combustible air fresheners and CFC-free refrigerant products are used in hotel properties.

Jumeirah partnered with Dubai Municipality for the re-cycling of obsolete IT equipment and provide PCs and laptops for re-use in third-world schools and hospitals. Also, Jumeirah Beach Hotel support the Dubai Municipality Coastal Zone Project with a tide gauge in their Marina monitoring weather, tidal and other effects on Dubai's coastline in a 36 month study.

Colleagues actively participate in beach clean ups around the region and Jumeirah hotels make extensive use of drip head emitter systems for watering plants and green areas and, where possible, use treated effluent for watering. Over the years Jumeirah has introduced many products and systems to minimize environmental impact and maximize use of resources such as:

- Odor control systems to eliminate odor from kitchen grease traps
- Work permit system to ensure external contractors comply with HSE requirements
- Comprehensive fire protection and safety systems
- Mini bars with thermo-electric technology to eliminate toxic emissions

- Regular transport services to minimize need for personal transport
- Swimming pool and potable water treatments and checks in line with World Health Organization (WHO) standards
- Replaced air conditioning chillers' coils to reduced power consumption and noise disturbance.

4.8.8 Community Engagement

Taking part in social activities is a part of Jumeirah's culture. Jumeirah participates in many social activities and encourages its colleagues to do the same. Recently, it donated an auction prize worth more than $110,000 to the amFAR gala event at the 60th Cannes international film festival for AIDS research. Also, as part of the Food Surprises of the 2007 Dubai Summer Surprises, 60 of Jumeirah's executive pastry chefs donated the sale of 3,065 cakes Dubai Centre for Autism. Colleagues are also encouraged to participate in a variety of social and community team events through Mercury. Competitions such as the Dubai 10K and marathons promote team spirit where colleagues run as the 'Jumeirah Family' while boosting fitness and supporting local charities. Jumeirah has had the largest corporate entry for years in the Dubai Marathon.

Jumeirah support local culture with ladies only services (e.g. Wild Wadi Ladies Only Nights Jumeirah Emirates Towers Chopard Ladies Floor) and dedicated male and female prayer facilities for guests and colleagues. Jumeirah respect and cooperate with neighbors and operate an open-door policy for them and the wider community by responding to enquiries and requests. For example, when one of the hotel properties received noise complaints, a cut-off period for music was put in place eliminating all complaints thereafter.

4.8.9 Health and safety

Jumeirah Group regards its commitment to health and safety as an essential element in the company's success. It is the company's policy to take every reasonable and practical step to provide and maintain a safe and healthy environment for all its colleagues, contractors and third parties to work in. In coordination with Jumeirah's Health, Safety and Hygiene Department, a comprehensive schedule of Health & Safety audits, inspections and drills is carried out both internally and by external bodies to check awareness, compliance and readiness to deal with emergencies. Effective health and safety practices are encouraged through training, supervision and providing appropriate equipment.

Jumeirah provide 24-hour access to medical services with dedicated stationary and mobile clinics attending to over 10,500 colleagues, 5,500 guests and 300 contractors. Jumeirah's health care is benchmarked locally and internationally to remain competitive in accordance with Jumeirah's Medical and Dental in the UAE policy which sets its commitment to providing all colleagues with health care. The Dubai Municipality has recognized Jumeirah colleagues' contribution to outstanding food safety presenting the health, safety and hygiene officer with a certificate of appreciation. Furthermore, Jumeirah's lifeguards and paramedics play a key role in ensuring safety and quick response to incidents. In Dubai for example, lifeguards are trained in the International Pool and Water Park Lifeguard Training program operated by world-renowned specialists for aquatic safety risk management. This was presented by Mr. Khalid Sheriff, the assistant director of public health and head of the food control section of Dubai municipality at their head offices in Dubai.

Each property is randomly audited four times a year and receives a rating based on total lifeguard performance. Since 2001 Jumeirah has met or exceeded the set standards of the program. This places Jumeirah's Lifeguard Program in the top percentile of Jeff Ellis & Associates' 450 clients (95% of water parks in US).

In addition, lifeguards at Jumeirah Bab al Shams and the Jumeirah Emirates Towers received a recognition award from Jeff Ellis & Associates, the international aquatic safety and risk management consultants who conduct audits of resorts. Jumeirah also actively participate in the Middle East Lifesaving Championships and the UAE National Lifeguard Championships.

Chapter Five

Recommendation and Conclusion

The last chapter of this dissertation is aiming to highlight the findings obtained through this research. Te first part of his chapter is Conclusions which divided to two groups of challenges and opportunities.

The main target of writing this case study was to provide a good example of sustainable and ethical local company in UAE. Studying the opportunities and strength points can help the other organizations to use Jumeirah as a role model and try to follow their path toward being sustainable. On the other hand highlighting the challenges Jumeirah is facing have several benefits:

Can help them to focus on their weak points and work harder toward being an ethical firm.

Can help government to see the shortcomings regarding CSR and environment and try to put rules and regulations in place to be more supportive in this regard.

Can help other companies to try to avoid these challenges and from the very beginning build their CSR policies on a firm ground.

The second part of this chapter is trying to provide some recommendation to help Jumeirah to improve their CSR practices or help them to make more progress. In this part it has been also tried to offer subjects for further studies regarding CSR in UAE.

5.1 Conclusions

The Jumeirah Group is a rapidly expanding hospitality management company that is aiming to become sustainable not just economically, but also socially and environmentally. Thus, it has implemented several initiatives from CSR guidelines to business codes as well as ethical and environmental programs. As such, it is far ahead of many companies in the United Arab Emirates (UAE), few of which have a CSR strategy in place. Nonetheless, more remains to be done especially in the environmental area. The Jumeirah Group remains committed to achieving excellence in this area too and are setting an example for other UAE firms to follow.

5.2 Challenges

5.2.1 Lack of Environmental Friendly Products

Lack of environmental friendly products is one of the major problems that not only Jumeirah but all the residents in UAE who are caring about environment are facing. In most developed countries there are many products available which are made from recycled wastes. In western countries it is a trend to use the recycled products therefore this is a very unfamiliar concept in east of the world especially in Middle Eastern countries. Not only is it uncommon to use recycled products but also there it is not possible to find these types of products. There are not many factories to produce recycled products and those few existing ones are just recycling papers.

5.2.2 UAE, Country of the luxury

UAE especially Dubai is famous for its luxurious life style. Whoever visits Dubai is expecting everything to be extremely expensive and glamorous. In such a country with an extremely lavish consumption culture it is awfully hard to promote the culture of economizing. The fact that Jumeirah is well-known for being luxurious and is the founder of the only 7 star hotel in the world, makes it much more difficult to be environmental friendly. The costumers staying in any of the Jumeirah’s hotels are expecting to receive the best services. Guests staying at Jumeirah want their sheets and towels to be changed everyday. While in some other parts of the world that the awareness regarding issues such as environment, CSR and sustainability is higher hotel guests are more willing to be more environmental friendly by decreasing their consumption.

5.2.3 Equal Job Opportunity

In the past decade UAE has been known for being a multi culture platform for all nationalities who are seeking a better job opportunity and more income. Only 20% of the country's population is locals and the rest are expats that have moved to UAE. It is sensible that for empowering the locals and decreasing the dependency of the country to external workforce locals are preferred. Rules and regulations have been put in place by UAE government to make it obligatory for organizations to hire a certain percentage of locals depending on their size. For this reason and not only that providing equal job opportunity is facing some challenges. We can not hold organizations accountable for not being able to provide equal job opportunity and we can not also blame the government for supporting their locals who are in minority. In this regard we can look at the problem from two different points of view:

Companies are supposed to provide equal job opportunity and hire/fire their employees based on their qualifications and not their nationality.

Government is supposed to put rules and regulations in place to support the nationals of the country which are just 20% of the population of the country.

Therefore government can support locals not just by forcing companies to hire a certain number of locals, but assistance can be provided by offering free education, special trainings and English courses to make locals more competitive in UAE's job market. Jumeirah is not facing much problem in this regard for that reason that locals are not much willing to work in hotel industry. According to Mr. Mohammed Ghafari, CSR Director of Jumeirah Group states that due to religious beliefs there are not much locals willing to work in hotels because of that Alcohol is served in the hotels and they also think that prostitution may take place in hotels.

5.3 Opportunities

5.3.1 Having CSR as a Business Core from the Beginning

Jumeirah was founded in 1997. Jumeirah is one of the youngest international chain hotels. One of the most important success factors in implementing CSR in Jumeirah is that Jumeirah was borne in UAE and from the very beginning all the rules and regulations was adopted from UAE laws, traditions and cultures. Many other foreign companies that have opened branches were facing difficulties to align the regulations and policies of their head quarter with the regional and local culture and rules. In this regard Jumeirah is one step ahead of the rivals. CSR may not have been the main focus of the Jumeirah from the first day but soon enough it have become obvious for the founders that if they want to become international and compete with other huge chain hotels, they have to consider CSR as a core of business activities.

Jumeirah have been built on a good and strong foundation. It hasn’t been a small organization which has grown large over night. Jumeirah has been clear with what it want to be from the beginning. Most of the planning was made for managing a large organization. Companies that are small in the beginning and suddenly they grow, mostly face many problems to adopt themselves with the standards of a large organizations.

5.3.2 Multinational Managers

Jumeirah’s Management team is consisting of experiences managers from all over the world. Jumeirah has gathered managers with a vast knowledge in the field from different backgrounds and all of these managers have brought their experiences. These managers have shared their knowledge about their CSR practices in their home countries with the strategic planning team and by providing and sharing their ideas Jumeirah have been able to develop a strategy that is compatible with the global standards.

5.3.3 Studying the Global Standards Thoroughly

Jumeirah’s CSR department are constantly studying the global standards and measuring methods and evaluating their practices. By doing so they are trying to update their plans for future activities regarding CSR and this will enable them to keep up with international trends in the field of sustainability and environment.

Jumeirah CSR department's members are dynamic and passionate about CSR. Being updated about CSR can help the Jumeirah to develop strategies that can be applied in their property in any part of the world and make them eligible to be considered as a top international chain hotel all around the world.

5.3.4 Educating All the Employees

Jumeirah is not just focused on putting some rules in place and force all the staff to obey these rules. Workshops, trainings and awareness through intranet are constantly provided to the staff depending on the grade they are working in. Senior managers are supposed to be trained and aware on the subject more advanced from the other staff but training and awareness is just delivered to them. All the employees are briefed on subjects such as recycling, waste management and energy saving. By this strategy all the members of Jumeirah group work as small pieces of a huge machine. Every piece will perform properly in its role to enable this machine to move in the correct direction.

5.4 Problem Statement

According to a report published by Global Education Research Network, one reason some companies are on the fence with regard to corporate social responsibility may be confusion and indecision over its strategic value. There is a high level of skepticism about CSR and many managers view it as yet another fad that will ultimately go out of fashion and that has little utility for their organizations, and may even harm firms' organizational performance. As such, firms in the U.A.E. do not recognize the value of communicating CSR practices to their stakeholders. To date, very few corporations—less than 10—in the U.A.E. publicize their environmental and social reports. This perspective could be due to several factors:

- The monopoly position of many companies which results in lesser pressure to be accountable to their stakeholders;
- A lack of awareness among stakeholders of the value of CSR;
- A lack of a comprehensive framework to help managers identify appropriate CSR actions relevant to their business and stakeholders;
- A dearth of communication platforms to disseminate information about CSR activities;
- A lack of social solidarity affected by growing cultural diversity and social stratification, as well as high turnover among managers and employees due to turbulent labor market.

As mentioned above, Dubai has sustained a period of rapid growth during the last three decades. The city-state moved from an obscure semi-nomadic Emirate to a global financial and commercial hub with significant competitive advantages. This fast economic growth, generated by huge factor inputs, has also had unintended harmful side effects such as an unequal welfare distribution, enormous environmental damage, and high incentives for opportunistic business behavior. This rapid growth has also increased the demand for manpower at levels higher than the annual GDP (Gross Domestic Product) growth rate. As a result, the current working age population is made up of an increasingly young age group and the country is growing more and more reliant upon an expatriate work force. These factors have caused a remarkable decline in labor productivity rates. The high degree of temporary migration (exceeding 80 percent of the work force) and high turnover rate among managers and employees in this turbulent market has also resulted in poor labor practices (primarily low wages). Although the government has introduced a number of laws to regulate corporate conduct, much hinges on the institutional capacity (or lack thereof) to monitor and enforce these regulations. According to a recent study33, the U.A.E. has the highest population growth rates in the world, estimated at 5.6 percent. The estimated population in 2005 was around 5 million, of which 45 percent are under 15 years of age. This demographic situation has serious impacts on the education, training, and capacity building needed to develop the future labor supply. The business community has an important stake in ensuring the stability and quality of the future labor supply.

The factors addressed above provide a good indication of the various social, environmental and economic issues and challenges businesses in the U.A.E. will face in the next few years. The issues highlight the need for a corporate social responsibility agenda focusing on workplace, community and human resource development, and reducing environmental impact. However, industries are behind in community development, employee volunteering and ethical marketing practices (see Attitudes toward CSR in UAE by industry on page 86). The majority of industry sectors were less likely for example to engage with the community and to maintain a clear policy/strategy to improve community conditions. Likewise, an even lower share of companies across these industries support employee volunteering.

The U.A.E. has a fast-growing economy. It is rapidly diversifying into areas such as banking and finance, tourism, manufacturing, and logistics to name a few. The city-state of Dubai has particularly lofty plans for growth in the coming years. Yet, achieving such rapid growth in a sustainable manner is more difficult that it used to be. Growth for Dubai can mean not only increased revenues, but also an improved ability to sustain a fair and equitable distribution of rights and responsibilities that define the role of each citizen and organization in society.

5.5 Recommendations

Tourism industry is one of the major income sources in UAE. In the past decade Dubai has been a very famous hub for tourists and the number of the tourists coming to Dubai has been increasing in regards to the great amount of demand, many huge chain hotels have been opening hotels in UAE. Most of the international chain hotels already have CSR policies and practices in place. Therefore the local companies are facing much more troubles regarding implementation of CSR.

Hence the main issue is that it is very important to look at the CSR considering different factors such as: country, region, religion, culture and many other aspects.

It is not possible just to study CSR practices in developed countries and use them as a model to implement CSR in developing countries. In developing countries especially Europeans CSR is accepted as one of the core elements of any organization. There have been many researches done on CSR, Environment, Sustainability and other terms related to CSR. Therefore in most of the non European or American companies CSR is a novel subject and there is still a long way to go. Studying CSR in UAE shed a light on the fact that there hasn’t been sufficient research conducted regarding CSR practices in the Middle East. There are just a few semi- governmental organizations trying to promote CSR. For example Dubai Ethical Resources Center is a part of Dubai Chamber of Commerce. DERC is arranging several workshops each year and publishing researches on CSR to increase CSR awareness in UAE.

The Jumeirah Group is a rapidly expanding hospitality management company that is aiming to become sustainable not just economically, but also socially and environmentally. Thus, it has implemented several initiatives from CSR guidelines to business codes as well as ethical and environmental programs. As such, it is far ahead of many companies in the United Arab Emirates (UAE), few of which have a CSR strategy in place. Nonetheless, more remains to be done especially in the environmental area. The Jumeirah Group remains committed to achieving excellence in this area too and are setting an example for other UAE firms to follow. Jumeirah is one of he pioneers regarding implementation of CSR in UAE and is trying to be compatible with global CSR standards. Therefore there are still many challenges to overcome. Some of these obstacles have been created due to the lack of proper rules and regulations put into operations by government. Some other deficiencies in this regard are due to the lack of awareness, insufficient knowledge about the regional practices and trying to use western companies as role models.

In recommendation section it has been tried to identify the main challenges that Jumeirah is facing on the subject of CSR and provide solutions to overcome these obstacles and also the opportunities that have helped Jumeirah to be among the pioneers of CSR in the country.

5.6 Future Research

Conducting this research highlighted some interesting areas for further research, which are as follows:

1. Corporate Social Responsibility practices in other industries.
2. CSR challenges companies are facing regarding governmental rules and regulations.
3. Effect of culture in CSR practices in a country or region.
4. Measuring methods for CSR
5. Employees' awareness regarding CSR in UAE all type of organizations in UAE.
6. CSR challenges in Tourism industry.

Chapter Six

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