



## **Egypt: The Pathway to Corporate Citizenship**

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### **What is Corporate Social Responsibility:**

Before the term, Corporate Social Responsibility (CSR), was coined in 1953 by Howard Bowen, companies had been placing some effort into philanthropic campaigns and worker rights. During the Industrial Revolution, companies had been scrutinized due to their weak labor practices, and working conditions, this led to a consensus that these worker violations had been contributing to social issues such as poverty (Thomasnet). The consensus then pushed some corporations to begin reassessing their values and ultimately, begin to donate to social causes (Thomasnet).

Since then, Corporate Social Responsibility has been the catalyst term used to define how corporations engage with society, through socially responsible public relations campaigns and initiatives, corporations hoped to be at the forefront of their customer's minds as champions of their society. During CSR's origin phase in Egypt, the framework on which CSR has

been practiced in Egypt has been almost exclusively in relation to a company's engagement with society through philanthropic donations to nonprofit organizations or to private sector organizations (UNDP).

Although philanthropic donations were widely accepted as the main form of CSR, it has since evolved and developed more approaches for companies to utilize, in order to tackle the social issues that societies face.

*The Categories of CSR and its added value:*

There are four pillars corporations can adhere to when utilizing CSR concepts, Environmental, Human rights, Philanthropic, and Economic:

- 1) **Environmental responsibility:** Initiatives taken by a corporation that aim to, reduce greenhouse gas emissions and pollution levels, and promote the sustainable usage of natural resources (CFI).
- 2) **Human Rights responsibility:** Refers to initiatives that target discrimination, unfair labor practices, child labor, etc. Corporations, now more than ever, have a growing responsibility to have an impact on human rights, due to their significant role in modern society. (Australian Human Rights Commission).
- 3) **Philanthropic responsibility:** These initiatives are generally supported through financial means. They include funding programs and other initiatives, supporting nonprofits and other projects that fit the corporation's mission statement and values (CFI).
- 4) **Economic responsibility:** Refers to a balance that needs to be found within corporations. It focuses on having corporations improve their business practice and

adapt their business models while ensuring that they utilize sustainable business practices and measure their impact on society (CFI).

These four pillars for CSR have been essential in the search for new methods for corporations to engage with their society. The evolution of CSR allows corporations to find the sustainability path that best fits their mission statement and values, while also providing consumers with the opportunity to purchase products from companies that side with and support them on different social issues.

In a study conducted by Cone Communications, it was reported that over 90% of participants surveyed stated that they are much more likely to purchase a product from a specific company because they side with them on social issues (Business News Daily). On the other hand, almost 75% of the participants from the study claimed that they refuse to purchase products from companies that stand on the opposite side of their own beliefs (Business News Daily). The data collected from Cone Communications study provides an important message for businesses and corporations. If businesses want to survive and succeed in the 21<sup>st</sup> century, there should be a renewed focus on the mission, vision, and values of a corporation. The position that a corporation takes, where they stand, and what they do to affect social change positively can change their pathway to success.

Great CSR practices and strategies do not only attract consumers to a corporation, if executed properly, but they can also attract talented individuals to want to work at these corporations. Susan Cooney, the head of global diversity, equity, and inclusion at Symantec, said that the way corporations execute their sustainability strategy can play an important role

in where the top talents choose to work (Business News Daily). This pushes the message of how important it is to have a strong CSR strategy at the core of our business model even further.

### *History of CSR in Egypt*

To properly understand how we can strengthen the CSR culture in Egypt, we must first understand the history of Egypt's corporations with CSR concepts. Egypt is a country that is strongly led by its religious beliefs, family values, and cultural traditions, with a predominantly Muslim population, followed by a Christian minority that accounts for around 10% of the population; Egypt has developed and maintained a strong charity focus and culture of giving (CSR Middle East). These factors have led corporations to run campaigns that contribute to the development of the community through corporate giving efforts that focus on sectors such as education and healthcare (CSR Middle East). Although these efforts by corporations were quite commendable, in actuality they were still only beginning to break the barrier of how they could impact their communities through CSR. It was only until recently did corporations begin to shift their understanding of CSR from a philanthropic concept, to how it is now seen across the globe (CSR Middle East).

### *Different Practices of CSR in Egypt*

In recent years there has been an uptick in CSR initiatives and reporting by corporations in Egypt, more corporations, both local and multinational, have been disclosing information surrounding their corporate social responsibility practices (UNDP). To showcase some of the CSR initiatives that corporations have been involved with in Egypt, we have chosen to highlight

practices from the following corporations: Commercial International Bank (CIB), Vodafone Egypt, and Titan Cement Egypt.

**Commercial International Bank (CIB):**

CIB has a comprehensive breakdown of their CSR strategies in Egypt. Their CSR report and section on their website are accessible and easy to locate, which is an important factor for corporations to consider. Some of the CSR initiatives CIB committed itself to are: sponsoring artistic talent by creating a national art competition, Community Health programs, Environmental Awareness programs, and they implemented an Employee Development strategy to support their staff (CIB). CIB has a clear vision and goal for their CSR strategy and they frame it in a way that is both easy to understand and is relatable to its customers' concerns.

**Vodafone Egypt:**

Vodafone Egypt breaks down their csr plan into 4 different sections, 1) Demonstrating ethical and honest behavior 2) Promoting a green, eco-friendly environment 3) Community development with a focus on children's health and youth employability 4) Developing products and services for customers with special needs (Vodafone Egypt). Vodafone also boasts a separate mission statement dedicated to their csr strategy, they have also engaged in several campaigns throughout the years that focus on some of the key issues in Egypt (Vodafone Egypt).

**Titan Cement Egypt:**

Titan Cement Egypt is one of the organizations in Egypt that has a very focused and driven CSR approach that formulates how they operate. Before implementing their CSR strategy, Titan created a clear CSR vision and mission statement through which they conduct their operations (Titan Cement Egypt). Most of Titans initiatives revolve around how they can conduct their business in a more sustainable fashion; they have done this through filter upgrades, and energy conservation projects (Titan Cement Egypt). They have also carried out philanthropic campaigns in the form of scholarship initiatives and Ramadan food distribution campaigns (Titan Cement Egypt).

### *Challenges to CSR in Egypt*

Based on our findings, we have identified a few of the challenges that may be stagnating the growth and full utilization of CSR in Egypt:

#### **1) CSR is a largely voluntary practice**

As it currently stands, corporations in Egypt that participate in CSR initiatives do so from a voluntary perspective. The Egyptian government does provide an incentive for organizations to engage in philanthropic CSR in the form of a tax deduction of up to 10% of taxable income for donations made to local charitable organizations (Santander). Although some corporations do release annual reports on their CSR initiatives and achievements, there is no current mandate from the Egyptian government on CSR reporting.

#### **2) Philanthropy focused CSR work**

Based on Egypt's history and the CSR initiatives conducted by corporations, we can see the main trend for CSR in Egypt as of now is focused on philanthropic activities. The challenge we face is to engage corporations with other forms of CSR activities, having them realize the benefits of the remaining CSR pillars along with the importance of reporting their CSR activities on a yearly basis.

### **3) Lack of CSR focused teams**

Corporations that are just beginning their CSR journey tend to start off through the use of a task force made up of current employees that already have their hands full with their original job description. The lack of a designated CSR team in a corporation highlights whether or not that corporation is committed to their CSR goals.

## *Policy Recommendations*

CSR can be an exceptionally useful tool if properly implemented by corporations into the Egyptian society. Although there are challenges that impede corporations from reaching their full potential with CSR, we have devised a set of policy recommendations which we believe can be the catalyst for a reinvigorated CSR path in Egypt.

### **1) Government mandated CSR reporting:**

In countries, such as The U.K, India, China, and the European Union, they have either mandated specific forms of reporting or have implemented several regulations that act as instruments of reporting (Industry Today). Research has returned positive results from mandated reporting in countries, such as India, where corporations have shown that they are

capable of investing even more into their social initiatives (London School of Economics), Mandated reporting has been criticized from the perspective of small and medium enterprises (SMEs) as governments tend to pay significantly less attention to SMEs (Industry Today). We recommend that the government looks into mandating CSR reporting, while defining appropriate measures of success based on the size of the corporation (SMEs v.s. Large corporation).

## **2) CSR dedicated teams within corporations and prioritizing CSR in budget talks:**

In order to ensure that corporations achieve their CSR goals, we recommend the following. 1) A clear CSR goal for the year, along with well defined key performance indicators and measures of success that are trackable throughout the year. 2) A commitment from their board of directors to include a reserved segment in annual budget conversation in order to realistically achieve the CSR goals. 3) Treatment of CSR as more than an extracurricular for employees and instead, hiring CSR experts that are capable of properly implementing initiatives.

## **3) Expansion of CSR initiatives.**

Corporations need to expand from the traditional concepts of CSR: Philanthropic activities. CSR has evolved and now includes multiple opportunities for corporations to support their communities. Corporations that are committed to CSR can look into changing their core business operations and challenge the way they conduct their business, looking towards progressive solutions to either reduce their carbon footprint, or positively affect their community in other innovative ways.





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