

CSR in UAE - A TRIPLE BOTTOM LINE APPROACH

Radha Krishnan Unni,

ABSTRACT

Following the introduction, this paper aims to explain the Triple bottom line approach by John Elkington (1994) in the UAE context and the measures taken by the UAE government to put People centric business than Profit Centric. The 3 Ps are explained with more weightage on social bottom lines giving utmost importance to a sustainable environment. The UAE Governments new initiatives are all establishing the above fact.

KEYWORDS: Triple bottom line approach, 3Ps, corporate Social Responsibility, corporate competitiveness, corporate governance, corporate citizenship, stake holder, customer-retention management, zakat, charity distribution, small and medium enterprises (SMEs)

1. INTRODUCTION

CSR DEFINITION

Corporate Social Responsibility (CSR) in UAE has gained an increasingly high attention in recent years. CSR can be defined as the ways in which businesses align their values behaviours with their various stake holders such as employees, supplier customers government & other parties with whom their operation is affected.

2. WORLD ECONOMIC FORUM ON CSR

Many organizations are now more concerned about CSR and some of them tend to behave in a more socially responsible way than was common in the past. CSR has been one of the hot topics at the World Economic Forum (WEF). One report from this forum found that three factors “corporate competitiveness, corporate governance and corporate citizenship” and the relationship between these three will re-shape the agenda for business leaders over the coming years. It explains that “in the face of high level of insecurities and poverty, the backlash against globalization and mistrust of prominent business, there is growing pressure on business leaders and their organizations to deliver wider societal value”. This means that there is a need for more effective management of the firms and wider influence and contributions to their society by using the concept of stakeholder’ engagement (WEF, 2003 in Smith, 2003, p.3).

3. STAKEHOLDER THEORY IN CSR

Stakeholders are any persons or a group of individuals who are affected directly or indirectly by the activities of a company (Mallin, 2010). For Example, An employee of a company environmental groups, suppliers of a company, local communities. Companies started developing CSR policies matching to the core values (Enquist& Johnson 2006). The companies have started developing a good sense of CSR by paying attention to its core values considering its stakeholders. Thus, CSR addresses a company’s transparency or openness considering its stake holders expectations. This means a business does more than act out of self-interest and shows social responsibility.

4. TRIPLE BOTTOM LINE APPROACH IN CSR

Elkington (1997) pointed out the need to have a balance of three bottom lines while we run businesses. These three bottom lines are: financial, economic and social bottom lines.

Triple bottom line thinking has become very popular in recent years. Today, Companies are paying attention to their core values and the development of a sense of corporate social responsibility, which can be used in marketing strategies and in customer-retention management (Enquist et al., 2005). Hence, there is more to business now than just the single bottom line where profits are the only objective of running the business and where the primacy of the shareholders cannot be overemphasized. Though there is no conclusive evidence as to whether there is a direct relationship between the practice of CSR (incorporating these three bottom lines) and financial performance of a business, Vogel (2005) argues that there is a business case for CSR for innovative businesses since (according to him) no other researcher has proven otherwise.

CSR can be construed as a blend of both the triple bottom line and what Caroll (2003) called total social responsibility which is a sum of: Economic responsibilities, legal responsibilities, ethical responsibilities and philanthropic responsibilities.

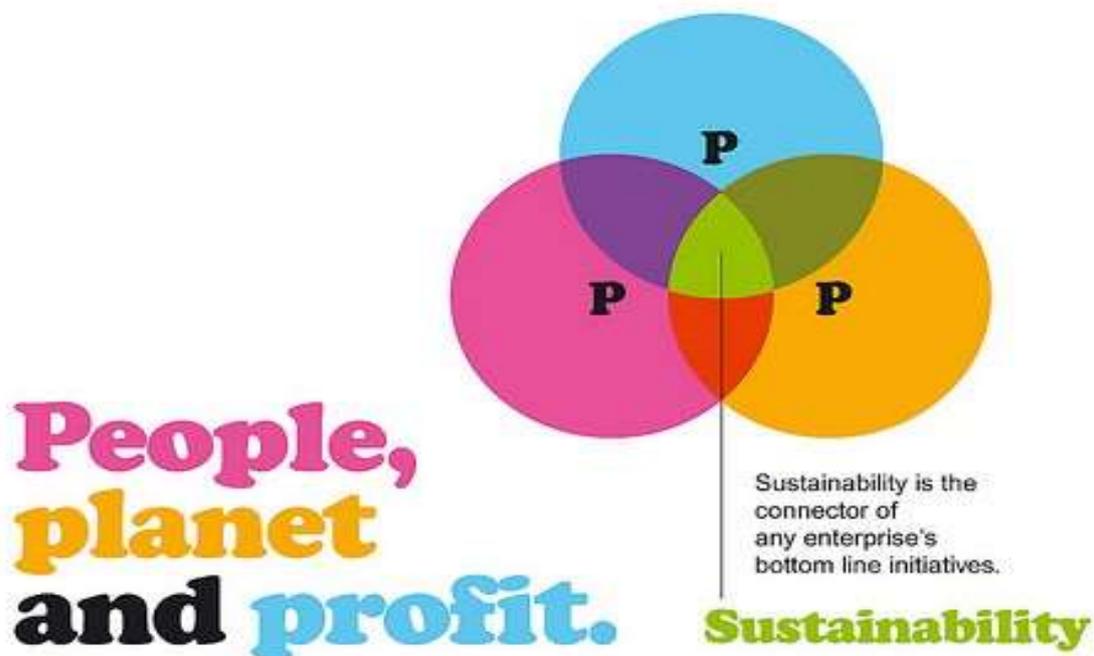
5. 3 P'S EXPLAINED

Corporate Social Responsibility activities of a company is controlled greatly by the perceptions of its employees & Managers. CSR is seen as a sound investment according to sound investment theory. This means business should focus on things other than just PROFIT. These other things are social environmental & financial aspects of the company. As per European Union CSR should positively influence in the Triple Bottom Line approach (Edvardsson et al, 2006) . In conventional triple bottom line approach economic values are linked to quality price and cost which we can replace with PROFIT in the 3P diagram (Figure 1) below. When looking at profit from a triple bottom line standpoint, the idea is that profits will help empower and sustain the community as a whole, and not just flow to the CEO and shareholders.

Secondly environmental values are linked with ecological protections, improvements & responsibility. This refers to PLANET in the 3P Diagram .Companies take efforts to reduce their energy usage, they dispose of any toxic waste in a safe way, they try to use renewable energy sources and they don't produce products that are unsafe or unhealthy for people and the planet. They are keen to reduce or eliminate their ecological footprint. They strive for sustainability, recognizing the fact that "going green" may be more profitable in the long run.

Thirdly, Social values are associated with ethical & community responsibility and benefits which is shown as PEOPLE in the 3P diagram (Figure 1). Companies that follow the triple bottom line way of doing business think about the impact their actions have on all the people involved with them. This can include everybody from farmers supplying raw materials, on up to the CEO of the company. Everyone's well-being is taken into consideration. The company offers health care, good working hours, a healthy, safe place to work, opportunities for advancement and education, and does not exploit their labour force.

So sustainable growth within UAE should imply that with increasing wealth generation during the last 50 years the interest of the public (PEOPLE as per fig 1) as well as environment (PLANET here) should be Stimulated.



(Image courtesy <https://www.customerfaithful.com/what-we-say/does-customer-experience-support-the-triple-bottom-line>) Figure 1

6. 3 P IN UAE CONTEXT & ZAKAT

The UAE has mainly advanced CSR policies to increase awareness within the business sector to support growing their business as well as encouraging them to observe their responsibilities to support relationship building within the community. Being a Muslim country CSR in UAE is consistent with Islamic Teachings.

One aspect for Muslims to consider community needs which entails anonymously distributing a portion of their income called ZAKAT to the needy through charity distribution (Qasim et al). We can derive that CSR in UAE is strongly linked with ZAKAT which in turn satisfies PEOPLE & PLANET Concept of Figure 1 above.

However, MNCs show more intention to be active towards CSR activities because they are more capable of adjusting to local situations and they practice those activities which are not different from the activities that local companies perform.

Thibos (2009) claimed that along with the UAE, there are many Arab companies interested to grow beyond the local markets, and they are well aware that if they want to be successful they need to perform better and at a higher standard than other less performing members. If not, that “unavoidable and intense public and media scrutiny will make continued prosperity exceedingly difficult. Moreover, the strong influences of foreign multinational companies on local partners often force domestic firms to clean up” (p. 11).

To help small and medium enterprises (SMEs) to adopt CSR practices efficiently, Dubai Chamber of Commerce and Industry’s Centre for Responsible Business arranged a complimentary session at the Change Initiative premises with the title ‘*Corporate Social Responsibility for Small and Medium Enterprises*’ to provide companies with practical information and help them to set responsible business practices and increase their productivity (CSR Middle East, 2013). Dubai Chamber of Commerce and Industry was established in 1965 by a decree issued by the late Ruler of Dubai, Sheikh Rashid bin Saeed Al Maktoum. Dubai Chamber started its activities with 450 members and a 12-member board of directors. The number of members increased to reach more than 140,000 by the end of 2012, representing all economic sectors (Dubai Chamber 2013).

7. CONCLUSION

All eyes are on UAE now, due to the successful management of EXPO 2020. The UAE Governments People, planet profit approach seem to be working good, as this government is investing heavily on People both Local and expatriates. The government is keen to develop strategies and plans with good vision for the next 50 Years. The government is widely attracting talents and business entrepreneurs and start-ups by providing all facilities that they need including a 10 year family Golden Visa. This system of Golden Visa system in UAE is a classical approach to attract Brains and talents into this amazing Country. No doubt UAE will once again prove that People are more powerful in driving companies, than mere profit in paper currencies

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