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International Conference on Technology and Business Management March 28-30, 2011 Corporate Social Responsibility and Impact of CARS Practices In the United Arab Emirates Zinnia Assam Pushball Maharanis zinnia.

 Du. As King Saudi university, Riyadh 1. Introduction In the last twenty years, a vast number of changes have taken place in relationships maintained by a company with the state and society.

No longer does a company continue to act as Independent entity regardless of the public Interest and welfare of the society and TTS effect on the environment. The growth of the relationship between a company and the society has been a slow transformation from Just a humanitarian coexistence to a point where the Interest of stakeholders and society Is Increasingly becoming of prime importance. Organizations are beginning to realize the fact that in order to stay ahead in the business and gain strategic benefits, it is important to practice responsible business etiquette's.

The kind of competition companies' face today and the wave of globalization have drastically changed the business environment in the past few years. Globalization has compelled organizations to expand their boundaries from their country of origin to other rapidly developing markets In other parts of the world. In order to be successful in their attempt towards globalization companies have realized that they need to implement clearly defined business practices with a well-defined focus on public Interests and the environment.

Also, In some of the markets across the world, since the government still holds the key due to the rules and regulations set by it, the government

would be naturally inclined to prefer companies which take care of the Interest of all the stakeholders. Lastly. Organizations across the world have begun to realize the importance of intangible assets, I. E. Be it brand name or employee morale. Only organizations that have gained the goodwill of the people and are Ideal corporate citizens will be successful in developing these assets into strategic benefits. . Social Responsibility Social Responsibility is defined as, “ The obligation of an organization’s management towards the welfare and interest of the society which provides it the environment and resources to survive and flourish. And which Is affected by the organizations actions and policies. A Socially Responsible organization also focuses on protecting and improving society and the resources it uses rather than on solely making profits.

It Is from Social Responsibility that the term Corporate Social Responsibility originated. Defining Corporate Social Responsibility The World Business Council for Sustainable Development defines CARS as follows: “ Corporate Social Responsibility is economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”. (Making Good Business Sense, L. Holmes & R. Watts).

The CARS definition used by Business for Social Responsibility is: “ Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business. ” The European Commission supports two definitions wrapped into one: “ A concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment, & a concept whereby companies integrate social and

environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”.

Different perceptions of CARS are made across the world, across different societies: “ CARS is about capacity building for sustainable livelihoods. It respects cultural differences and finds the business opportunities in building the skills of employees, the community and the government” from Ghana to “ CARS is about business giving back to society” from the Philippines. (Making Good Business Sense, L. Holmes & R. Watts).

At the core they all point towards the same fundamental principle – a company is responsible for providing more benefits to all stakeholders than just profits for shareholders. It has a role to play in treating its employees well, respecting the environment, developing a sound corporate governance, supporting philanthropy, fostering human rights, respecting cultural differences and helping to promote fair trade, among others. All are meant to have a positive impact on the communities, cultures, societies and environments in which companies operate.

These efforts should also benefit a company’s various stakeholders, who comprise all or some of the following: customers, employees, executives, non-executive board members, investors, lenders, vendors, suppliers, governments, NGOs, local communities, environmentalists, charities, indigenous people, foundations, religious groups and cultural organizations. Socially responsible companies can act in a number of ways to benefit society, be it by giving money to the arts, funding academic scholarships, supporting community-building initiatives, and so on.

The contribution of companies can, however, go beyond charitable works by providing mechanisms for addressing root causes, with a view on the long-term. CARS is closely linked with the principles of Sustainable Development, which argues that enterprises should make decisions based not only on financial factors such as profits or dividends, but also based on the immediate and long-term social and environmental consequences of their activities. The Triple Bottom Line- TAB (or) ABLE: Known as “ People, Planet, Profit or The Three Pillars, is a criteria used for measuring organizational and societal success.

This has become a dominant approach towards implementing and measuring CARS. On reviewing each of these definitions we see that in general CARS can be viewed as: 0 A concept or a mechanism by which businesses consider it their responsibility to including the welfare of its employees and their families and also the community at large. 0 It is a mechanism by which a company responsibly embraces its duties awards the environment, consumers, employees, communities and its stakeholders rather than solely concentrating on making profits and its own welfare regardless of public interest. CARS also incorporates doing business ethically and responsibly I. E. Ethical behavior of and towards the staff, ethical business practices and transparency in corporate dealings. Hence, CARS can also be termed as the deliberate inclusion of public interest in corporate decision making. Therefore, to summarize, CARS can be considered as the impact of the company’s actions on the society as a whole. From he management point of view, it becomes a manager’s duty to overlook whether the actions performed by his organization are socially responsible.

Corporate Social Responsibility (CARS) is also termed as Corporate Citizenship, Global Citizenship and Corporate Accountability. History of Corporate Social Responsibility The term “ Corporate Social Responsibility’ originated in 1953 with the publication of Bone’s Social Responsibility. The growth of CARS is as old as trade and business. Industrialization and impact of business on society and environment has added to the development of CARS. By ass’s and ass’s CARS was undertaken for discussion academically.

The first company to employ CARS into practice was Shell in 1998. 1990 saw CARS as a standard with companies like Price Waterholes Cooper and KEMP taking it under their wing. CARS has evolved beyond code of conduct and nowadays, with well informed employees and stakeholders, CARS can be a threat to the development of a company. What Drives a Company towards Practicing CARS? As quoted by Peter Ducker, “ The 21st century will be the century of the Social Sector Organization. The more economy, money and information become global, the more the community will matter.

A global survey conducted by The Economic Intelligence Unit found out that 85% of senior executives and institutional investors believe that CARS is an important consideration in decision making, indicating that CARS has been accepted even without a clearly defined business case. 0 The community demanding greater involvement and contributions due to the perceived shrinking of Nags. 0 Customers are increasingly demanding safe products and ethical businesses and are willing to alter their purchasing habits due to the same. 0 Stakeholders and shareholders are looking towards better risk and reputation management to protect true profits. Employees seeking great empowerment, more Job-security, better work-life balance and a sense of <https://assignbuster.com/international-conference-on-technology-and-business-2/>

meaning in their work. The challenges faced by organizations these days in one or more of the above mentioned areas has driven them towards seeking an integrated approach to battle these concerns. Till date companies have managed by interpreting CARS as external community relations and treated it accordingly, but this isn't enough anymore. This 110 approach misses out the fact CARS also extends to a company's products and services. Products and providing unethical services.

Hence implementing CARS is an all over exercise that needs to be practiced with great care and caution. CARS is important because businesses are based on trust and foresight. Establishing and keeping trust with customers, communities and regulators isn't simple and can be easily damaged or lost. To be successful in the long-term, companies need to think beyond what's affecting them today to what's going to happen tomorrow. This isn't just about addressing changes to technology or the needs of customers, but also taking into account alterations in social, environmental and governance issues. CARS the AAU The United Arab Emirates (AJAX), as a hub of dynamic growth and technological progress in the Middle East, offers tremendous potential for sustainable development. This is achievable through strategic policies and practices that bring benefit to the economy, society and environment. The economy of I-JAKE is growing at an exponential rate with new companies starting or relocating to the region every day. This puts a strain on the country's natural resources. Protection and development of environmental resources such as air, water and soil are the order of the day.

To ensure sustainable growth that will not exacerbate existing environmental concerns, both the government and business have a role to play in drawing <https://assignbuster.com/international-conference-on-technology-and-business-2/>

up environmental policy and legislation that is easily implemented and effective. While the I-EASE'S economy grows in mammoth leaps, it remains stunted in one key area: Corporate Social Responsibility. The incredible thing about CARS is that it is so in sync with Islamic teachings; the need to act as part of a community, and to spread some of your gains for the good of others. Why then are companies in this part of the world having such a hard time with CARS?

Even leading advertising agencies in the I-JAKE and the Gulf are lukewarm in promoting CARS, partly due to the perception that it requires time to craft the proposition and align the participants and yet delivers precious little in financial payback. But an even more compelling reason is that CARS is sometimes mistaken for 'Katz,' which is a mandatory alimending in which a Muslim is encouraged to donate quietly rather than trumpet his generosity. So the real solution may be to separate Katz from CARS by placing the former in the spiritual redemption arena and the latter in the corporate PR toolkit.

That means that while CARS would still take on an altruistic dimension, the brand building quid pro quo would be intact. CARS Awareness in I-JAKE The Dubbed Ethics Resource Center (DEER) and the Data Management and Research Department of the Dubbed Chamber of Commerce and Industry (DDCD) conducted research into the level of 'Corporate Responsibility Awareness in the I-JAKE' between June and October 2009. It looks into how CARS is perceived in all the emirates across the AJAX, awareness and attitudes of managers', drivers and challenges of implementing CARS and the kind of CARS practices undertaken in the AJAX.

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It covers four areas of CARS practices namely the community, natural environment, marketplace and the workplace. Titled as ' Corporate Social Responsibility and Corporate Governance in the United Arab Emirates - an executive summary by Dry. Bellied Rattan, Dry. Anis Ben Brick, Proof.

Kamala Mullahs, the results of the study comprising of nearly 300 show that Dubbed and ABA change and implementation of CARS throughout the AAU. The survey indicates that although there is high level of awareness of CARS, there is a very low level of CARS practice. Companies fail to adopt CARS policies associated with auditing, monitoring ND reporting CARS practices.

The drivers for CARS in this region have been identified to be desire to preserve the environment (31%), desire to improve the image and reputation (26%), developing and sustaining a better relationship with the government (25%) and developing employees' loyalty (24%). Also, many of the organizations reported that they implement CARS in order to comply with the Islamic values and practices (Katz). The survey was designed to measure the level of business ethics, corporate governance and social responsibility awareness among AAU-based companies and highlights key findings on corporate responsibility raciest in the local market.

Financial Perspective of CARS in I-JAKE CARS really makes sense commercially because of the increasingly fractured advertising landscape and the dilution of media audiences. Sometimes, the most potent tool a company has is the power of its brand. Positive public perception can be leveraged into commercial success and long term customer loyalty.

Corporate boards across the emirates only need to appreciate the fact that getting involved in CARS would translate into financial benefits. The need of <https://assignbuster.com/international-conference-on-technology-and-business-2/>

the day is to aim at making the civil society, governmental odes and the private sector aware of the strategic advantages CARS has to offer.

The ABA Dhabi CARS Conference, that took place as part of the Arab Giving Forum from 9 to 12 May 2010 at Emirates Palace, ABA Dhabi gave the much needed impetus. The event outlines specifically how CARS can be used as a tool to improve organizations, employees and shareholder prospects, as well as the world outside. “ Managing CARS issues is one of the principal challenges for 111 contemporary business, and it will significantly influence a company’s capacity to create value for shareholders and society. We are very encouraged by our participation at the ABA Dhabi CARS Conference and meet business leaders from the region,” commented Dry.

Adele Abdullah AY Shaman, Chairman, Gazed Giving Initiative. The conference came under the wise direction of His Highness Sheikh Kali bin Gazed AY Mahayana, President of the AJAX, to promote social cohesion and translate the vision of His Highness General Sheikh Mohammad Bin Gazed AY Mahayana, Crown Prince of ABA Dhabi and Deputy Supreme Commander of the AAU Armed Forces, for sustainable social development in the healthcare, environment, education, culture ND volunteering sectors, and ensuring the role of CARS in driving economic development and leveraging the quality of services for locals.

The conference discussed the importance of social responsibility in terms of the growth and success of companies and adding value for stakeholders, customers and employees. Centre for Responsible Business, Dubbed Chamber of Commerce and Industry Formed in 2004, the Centre for

Responsible Business (CRY) (formerly known as the Dubbed Ethics in the United Arab Emirates.

CRY assists members of the Dubbed Chamber to apply responsible business practices that enhance performance and competitive advantage through:

- 0 Raising awareness of Corporate Social Responsibility in business and with consumers;
- 0 Encouraging businesses to implement best practice standards;
- 0 Providing direct advice and tools to businesses to improve their CARS performance; and
- 0 Measuring and documenting the awareness and the implementation of responsible business practices in Dubbed.

Cry's programs are designed for the business community to share CARS experiences, build collaboration and networks, facilitate learning and improve capacity to improve CARS practice in Dubbed and the United Arab Emirates. The Dubbed Chamber recognizes CARS leaders in the Emirates with the Mohammed Bin Rashid Maximum Corporate Social Responsibility Award. CRY is a member of the SCARES Global Partners Network convened by Business in the Community and is an Organizational Stakeholder of the Global Reporting Initiative (GRID).

CRY organized the well attended United Arab Emirates Business Delegation to the Amsterdam Global Conference on Sustainability and Transparency and organizes GRID workshops and networking events in Dubbed. Dubbed Chamber CARS Label As part of its continuous efforts in promoting Corporate Social Responsibility (CARS) and raising the bar for responsible practices in the Emirate, Dubbed Chamber of Commerce & Industry's Centre for Responsible Business launched its newest initiative – the Dubbed Chamber

CARS Label that will label and recognize good CARS practices among Dubbed-based companies, while enhancing their reputation in the marketplace.

The Dubbed Chamber CARS Label is being developed by Dubbed Chamber Centre for Responsible Business to bring together international best practices in CARS and the local context in a simple model; a diagnostic framework, which will assist companies in identifying and communicating their CARS practices to their stakeholders. The idea behind the Label is to allow the companies to grow internally and to take their CARS practices to the next level through self evaluation and then as the next step, to provide evidence and receive third party verification.

This new initiative assists in the Chamber's mission of representing, supporting and protecting the interests of the business community by providing tools for implementing and benchmarking in the important area of responsible business. Dubbed Centre for Corporate Values In 2006, Dubbed Technology and Media Free Zone Authority (ATMAN), Dubbed International Financial Centre (DIF) and Dubbed Airport

Free Zone Authority (DAFT) jointly announced the formation of the Dubbed Centre for Corporate Values, a new initiative that aims to promote the awareness and practice of corporate social responsibility in Tuba's business sector (Gulf News, 3 July 2006). The new organization will work to foster the integration of social, cultural and environmental concerns in the business activities of companies in Dubbed. The initiative will primarily be targeted at

the free zones of its founding members. At a later stage, it will be extended to companies in Dubbed.

The Dubbed Centre for Corporate Values (DDCD) will develop a Dubbed-based Corporate Social Responsibility (CARS) Model that relates to the I-EASE'S social and economic environment. The model will be based on the European Foundation for Quality Management's (Fess's) CARS framework and draw from CARS best-practices of other global organizations. DDCD will participants in the social development of the AAU and the region. The objective is to develop this initiative into one of the foremost centers of CARS excellence in the region. 12 Leading by example, each of the founding members of DDCD - ATMAN, DIF and DAFT - will work on developing a Joint corporate social responsibility report that features the organizations' CARS policies and activities. The scope of Discs work will span the entire gamut of social, environmental, cultural, ethical issues. Furthermore, it will cover corporate governance practices. The DDCD will actively cooperate with government bodies to build a pool of CARS resources that can eventually benefit not just companies in Dubbed but the entire region.

The initiative will be funded by the three founding members, who will promote not just their own respective CARS orgasm but also actively work for the fulfillment of Discs larger goals. Dubbed Municipality Dubbed Municipality implemented 131 community-based initiatives in 2009 and more than 1, 500 people have been benefited by them. The initiatives, organized in cooperation and coordination with a group of public bodies and establishments, included 58 initiatives to support charitable projects, 20

voluntary and humanitarian initiatives, 23 Joint initiatives in training and education and 30 initiatives to support sports and cultural activities.

Khalid's Mohammed Saudi, Director of Corporate Marketing and Relations Department of the Municipality, emphasized the Municipality's leadership in the field and its assuming social responsibilities towards the community and individuals, pointing out that these initiatives were implemented at the corporate level through the various organizational units of the Municipality and were directed to all segments of the society.

He said that Dubbed Municipality has been a pioneer in offering community-based initiatives and they are linked with the strategic plan of the civic body, as it has taken up the responsibility of promoting the principles and practices of corporate social responsibility towards the immunity in order to develop the Municipality to become more innovative, productive and competitive. The social responsibility of the Municipality comes within its priorities of work as the Municipality is a key organization, which has the potential to qualify for leadership in this area, whether human or technical or financial.

The Municipality participates in creating innovative and effective initiatives and services to meet the economic, social and environmental challenges, to help the Municipality in its continued commitment to ethical behavior, to contribute towards placement through initiatives that help raise the standard of living, consolidation of national identity, to provide a suitable working environment and to participate in the development of the society as a whole.

4. CARS Initiatives by the Corporate Sector in the I-JAKE William B.

Wrester and David Chandler in Strategic Corporate Social Responsibility, to CARS initiatives: 0 Increasing Affluence: Customers from an elite class can afford to purchase premium branded products but the middle and lower classes might not be able to afford branded items, rather they prefer to spend their money on investments ND items which can take their business to a higher level, I. E. Help them to grow. Changing Social Expectation: Customers demands and expectations from a company are shaped and modified by the type of profile and personality it keeps and not only by its product. Globalization and Free Flow of Information: As mentioned above, it is very important for an organization to maintain a respectable profile to its customers, as with the growing trend of media and easy access of information through internet and television, every move an organization makes is highlighted and hence even a minor mistake could cause a lot of problems. Especially in emerging economies, Corporate Social Responsibility is of growing importance to governments and service providers as they promise to combat social issues within changing welfare environments.

A company must not be seen violating any ethical laws in any of the areas like market behavior, trade policies, employment relations, sourcing of raw materials, human rights, environmental laws. Hence, incorporating CARS puts and ethical and social pressure on companies to give back at least a part to society in return for what they have gained from it. The corporate sector could place an emphasis on corporate citizenship by establishing a clear-cut strategy and outlining a detailed program with the aim of contributing to the enrichment of the AAU society, while celebrating its rich heritage and diversity.

This section will show a small glimpse into the status of CARS in the I-JAKE through the following examples. Each of these organizations have, in their own special way, contributed to one or most of the four dimensions of CARS practices: Marketplace, Workplace, Community, Environment. DIG DO, a communication services provider in the AJAX, with a customer base of 2. Million, offers fixed and mobile telephony, broadband connectivity and PIPIT services to individuals, homes and businesses.

Recognizing that its 2000 strong multi-cultural employee force can positively impact their local communities, the DIG Corporate Citizenship Program (DU-ICP) has been developed and implemented with their involvement. Over 113 50% of the senior management team and customer-facing staff are AAU nationals, and the company remains committed to providing fulfilling opportunities for quality talent in a cosmopolitan working environment. In addition, Du aims to instill values of social commitment and responsibility among its staff by encouraging employees to participate in community work.

DO's slogan, ' Add Life to Life', is a simple line with a powerful message exemplifying the company's dedication to empowering the I-JAKE community by investing optimal resources and expertise into education and other important social institutions. Du sponsored the first ISO Conference in the Gulf region for formalizing standardization for CARS in ICC countries. This initiative is role in this field, was the first to partner with the Ministry of Social Development and ICC Standardization Organization (SO) in sponsoring this event.

Prominent speakers, including du, working in the development of ISO 26000 within the framework of ISO system participated in and contributed their experiences to this workshop. By sponsoring this event, du was among the first to strive to fulfill the conference objectives to which it believes goes hand in hand with its own CARS strategies and objectives. 0 Education in Creating Stars for Tomorrow The identification and nurturing of innovative ideas from creative minds figures prominently in Dud's CARS strategy, this is premised on the belief that innovation is the key to promoting sustainable economic growth in the AAU.

DIG realizes the importance of investing in creative young minds, and providing them with adequate confidence, support and resources to develop their skill and talent. Du strongly believes that today's talent are tomorrow's leaders - a rich talent pool is crucial to drive a nation's progress while enriching communities with key discoveries and path breaking development strategies.

With technology becoming essential in almost everything such as education, employment, community, and recreation, access to and awareness of electronic and information technology is paramount in helping dents prepare for and succeed in achieving their goals and ambitions. Microsoft and du are calling all creative Gulf university and college students to Join Imagine Cup and unleash their imagination in creating a different era of next generation mobile applications.

The 2011 Imagine Cup theme is: ' Imagine a world where technology helps solve the toughest problems'. An expert panel of Judges would judge the

entries based on the Idea, Problem definition, Developing prototype, Presentation. 0 Heritage - Reviving Culture Educating the I-JAKE youth about their culture and tradition is an important aspect of dud's approach to spark the youth's sire to learn more about their identity and to reinforce their connection with their past.

To that effect, du sponsored " Life of the Emirates", a series of television spots on seven I-JAKE channels featuring aspects of AAU culture and history. Life of the Emirates is targeting not only I-JAKE nationals, but also foreigners and expatriate living in the AJAX. These spots aim to educate these residents, visitors and even those living outside the I-JAKE by introducing them to a heritage that is so culturally rich with beautiful values, traditions and customs. Life of the Emirates spots are aired in both engages Arabic and English to cater to all types of audience. Corporate Governance The company's belief in a system of corporate governance goes beyond compliance to legal necessities and is based on three of their brand values: friendliness, honesty and confidence. The organization aims for a system of corporate governance that incorporates responsible business practices with the highest standards of business integrity and accountability, to build a sustainable business. According to the organization, corporate governance begins with an autonomous, committed and engaged Board of Directors.

They set and enforce a strict code of ethics, business practice norms and compliance standards. Together with the executive management team, the Board defines their business objectives, ensuring they are aligned with the community's needs and the nation's growth strategy. This contributes to better serving their customers, strengthening investor confidence, Dubbed <https://assignbuster.com/international-conference-on-technology-and-business-2/>

Airport Free Zone (DAFT) DAFT was established in 1996 and today it is one of the fastest growing free zones in the region.

Over the years, the organization has provided connectivity and support to multinational companies from every continent ND is home to nearly 1500 multinational companies from various sectors. With flexible operations processes that meet client demands, the Free Zone makes up a vibrant community of some of the biggest international companies. Companies at the Free Zone enjoy 100% tax exemption, 100% ownership rights, and easy access to airport facilities, rapid cargo clearance and availability of competitively priced multinational talent in a cosmopolitan city.

The CARS initiative forms part of Dubbed Airport Free Zone's agenda and the company has a sound CARS policy in place that reverse as a reference point to guide stakeholders, including all employees, on the 114 elements that drive the conduct of their business and relationships. The CARS policy at Dubbed Airport Free Zone was not simply a common do-goodies' slogan, but an actual practice that Dubbed Airport Free Zone has implemented as part of a positive business model to retain clients and employees through actions that reach out to the community and help nurture a positive work place atmosphere. Community DAFT had made significant contributions to supporting the community through organizing number of CARS initiatives, for instance the paintings and craft products exhibition and auction for the benefit of children with special needs from the Rash Pediatric Therapy Centre, participation in Dubbed Cares Campaign, Clean The World campaign, blood donation campaigns and donation for earthquake victims in Pakistan in 2007. The amount of sponsorship has exceeded 3 million DEAD since 2006. <https://assignbuster.com/international-conference-on-technology-and-business-2/>