Corporate Social Responsibility in the Middle East
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NGOs Role in Enforcing Social Corporate Responsibilities‘ Practices in in MENA Region

Abdeslam Badre, PhD

A. Badre
Layout

- A glimpse at the development of civil society & CSR in MNEA
- Factors shifting Human Rights NGOs interest in CSR
- The two paradigms
- NGOs tactics with companies vis-à-vis CSR
Evolution of CSR

Before the 70s
Corporations had a legal obligation: profit making

1970s, in the wake of the Lockheed and Ford Pinto, and other scandals, led to passage of the Foreign Corrupt Practices Act in the United States, and to the first wave of attempts by the UN Economic and Social Council and other international organizations to regulate MNC behavior

In the 1980s the corporate social responsibility (CSR) agenda was significantly broadened when, in the wake of Bhopal, Exxon Valdez, and other highly publicized environmental disasters, the NGO environmental movement pressed home the idea that MNCs must also protect the environment

From the early 1990s on, human rights NGOs and other voices within civil society have been calling upon corporations to accept responsibility for promoting labor rights, human rights, environmental quality, and sustainable development.
CSR in the Arab World: same old oil in a new bottle
Development of NGOs in MENA Region

Colonial period → Nationalism → Dawn of Independence → Political / constitutional → Post colonial → Social concerns → Globalization Era → Economic
How have Human Right NGOs ended up working in the field of Business?
Factors contributing to human rights NGOs’ interest in the business:

The most important factor is the perception that political and economic power has shifted away from governments and toward corporation.

In the South MNC often have more economic power than governments, and continue to control access to most of the valuable natural resources while maintaining power over impoverished populations by force.

Within NGOs, there is a widely held view that multinational corporations, already the dominant institutions in contemporary society, are increasing their influence over the economic, political, and cultural life of humanity while remaining almost completely unaccountable to global civil society.

A perceived shift of power formation -states to corporations and international financial institutions such as the World Bank and the International Monetary Fund

• The lack of social and environmental accountability of MNCs under existing national and international laws

• The growing anti-corporate – globalization movement

• A desire on the part of some people in the NGO world to enlist businesses

• A conclusion on the part of large, International human rights organizations that they have been too focused on traditional categories of civil and political rights while neglecting economic, social, and cultural rights
NGOs two paradigm vis-à-vis CSR

Engaging corporates through CSR movement

Enacting enforceable legal standards on corporates to abide by CSR practices
Engagement Approach

Aims at persuading corporates to adopt voluntary codes of conduct and implement business practices that incorporate commitments to respect and protect labor rights and human rights as well as the environment.
The triple bottom line

- The social account
- The environmental account
- The financial account
Confrontation Approach

Companies are directly and routinely implicated in abuses of many important social and economic rights. They control employment for millions of people around the region and are in a position to influence directly the enjoyment of the labor rights and economic rights of their own employees. Companies also have direct control over health and safety issues in the workplace, worker compensation, and the right to organize and bargain collectively.

Thus, companies can only be made to be socially and environmentally accountable by means of economic coercion or through binding legal obligations. Those who take this view look toward the development of a mass social movement that will compel governments to enact enforceable international legal standards (EILS) that would make corporates legally accountable to global society.
NGOs Tactics

In practice, no NGO acts solely as an engager, nor does any act purely in a confrontational mode; all utilize strategies that fall along an engagement-confrontation spectrum. There are at least eight different tactics that various NGOs have employed with respect to different companies in order to encourage them to accept social responsibilities.
NGOs Tactics

- Dialogue aimed at promoting the adoption of voluntary codes of conduct—the pure CSR approach
- Advocacy of social accounting and independent verification schemes
- The filing of shareholder resolutions
- Documentation of abuses and moral shaming
- Calls for boycotts of company products or divestment of stock
- Advocacy of selective purchasing laws
- Advocacy of government - imposed standards
- Litigation seeking punitive damages
NGOs Tactics

Most NGOs try to tailor the tactics to the target, based upon the specific characteristics of the company’s position on corporate social responsibility issues, but there are clear philosophical differences between those that favor dialogue and those on the confrontational side of the spectrum.
Conclusion

Unless they are able to mobilize two other important constituencies: consumers and governments, NGOs trying to influence corporate behavior by means of any combination of strategies and tactics are unlikely to be successful in the long run.

Recent studies of consumer preferences have consistently found that consumers are motivated to avoid purchasing products that they know are being made under abusive labor conditions.

As long as the majority of consumers remain either ill informed or indifferent to the labor and human rights conditions under which corporations produce the goods they deliver to the market place, no amount of NGO pressure is going to produce sustainable reform.
Conclusion

Governments could and should be doing a great deal more than they currently are, not only in the process of standard setting and negative regulation, but also in providing tax and other regulatory incentives that will reward corporations for good behavior.

The NGO-led corporate social responsibility movement must now move the CSR agenda from voluntary compliance to “soft law” approaches, and finally to rigorous national and international enforcement regimes; but it is unlikely to be able to do so unless it can mobilize support for greater corporate social accountability from informed consumers, concerned government officials, and progressive companies.
References

Morton Winston, 2002. NGO Strategies for Promoting Corporate Social Responsibility. Ethics & International Affairs 16, n. 0. 2
