

JEL classification: M1

## **AN OVERVIEW OF THE IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY IN LEBANON**

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### **ABSTRACT**

*CORPORATE SOCIAL RESPONSIBILITY, LEBANESE BANKS, UN GLOBAL COMPACT, STAKEHOLDERS' THEORY, SHAREHOLDERS' THEORY, CORPORATE PHILANTHROPY*

*Corporate Social responsibility has become one of the pillars of doing business in the world. The public has been giving growing attention to the commitment of companies towards implementing CSR within their operations. The purpose of this paper is to provide an overview of the application of CSR in Lebanon shedding the light on the different approaches that Lebanese companies follow.*

### **INTRODUCTION**

Since the emergence of the concept, Corporate Social Responsibility (CSR) has been one of the hottest topics of discussion in the business domain in general and in business ethics in particular. CSR is a form of self-regulation that aims to direct enterprises into operating in a more socially aware manner. In other words, CSR encourages business entities to contribute towards social goals like the well-being of the environment, the community, employees, and the various stakeholders. Traditionally, the shareholders' theory dominated the way firms operate; the sole aim of corporations was to generate economic profit which is the number one concern of shareholders. However, corporations got so large in size that the impact of their operations extended to affect multiple parties. CSR introduced a new theory of operations, which is the stakeholders' theory. The stakeholders' theory states that corporations should take into consideration the impact of their operations on all parties including suppliers, the environment, the community, employees, and profit (Fontaine, 2006).

### **CORPORATE SOCIAL RESPONSIBILITY IN LEBANON**

While exploring the practice of corporate social responsibility in Lebanon, we notice that the main business entities committed to it are banks and financial institutions. Since banking is the strongest sector within the Lebanese economy and because financial institutions are the largest corporations in Lebanon, they have a sense of responsibility to operate in a social

manner. In addition to their annual report, almost all Lebanese banks publish an annual social responsibility report that highlights their contribution towards society throughout the year.

### **EXAMPLES OF CSR IN LEBANON**

For instance, Byblos Bank Sal divides its CSR activities into four different focus areas: education, culture, environment, and community. The bank refers to its approach as a "humanization of capital" tactic. With respect to education, the bank's main strategy is to invest in the renovation of academic campuses and offering scholarships to students in need. At the level of culture, Byblos's main involvement includes also renovation projects for old cultural markets like the ones in Jbeil and Batroun. As for the environment, Byblos bank works mainly on reforestation campaigns to increase green areas in Lebanon. Finally, at the level of community, the bank mainly supports infrastructure projects as part of its support for the society (Byblos Bank, 2018). On the other hand, other alpha banks in Lebanon also share a similar approach towards CSR where they invest a portion of their earnings on projects that aim towards the development of the community.

### **DOMINANT CSR APPROACHES IN LEBANON**

However, after analyzing the Lebanese landscape for the implementation of CSR, we noticed that all involved firms share a similar approach; the majority of Lebanese corporations follow a philanthropic approach towards CSR. In other words, they act like charities by providing capital for social causes. Nevertheless, the domination of this approach highlights the misconception in Lebanon between Corporate Philanthropy and Corporate Social Responsibility. Corporate philanthropy is donating financial resources or time for a social cause. On the other hand, the essence of corporate social responsibility is to integrate social practices within the core of the firm's operations (Lazzari, 2018). To highlight the difference, let's consider the following example: A huge manufacturing firm that does not abide by green standards in its operations donates an annual amount of \$1 million to philanthropy. Another small firm operates in a socially responsible manner and uses sustainable means in its operations yet does not donate any amount to charity. The negative impact of the large firm's operations on the community are much larger and more severe than the effect of its donations.

### **CONCLUSION**

In recent years some Lebanese companies, and mainly banks, announced that they have joined the UN Global Compact and are committed to respect its ten principles. One of the leading Lebanese firms at this level is Blom Bank Sal that has agreed to submit an annual communication that briefs its stakeholders concerning its progress with regards to the Global Compact principles (Blom Bank, 2018). Our research allows notice that Lebanese banks are the main firms in Lebanon committed to implement CSR in their operations. The reason behind

that is the Central Bank's close guidance that aims at restoring the public faith in the business sector. In addition, these banks apply corporate philanthropy rather than corporate social responsibility. Thus, Lebanon still has a long road to cross with respect to CSR. The first steps should be commitment from more firms and implementation of new approaches.

## REFERENCES

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