

# **Important Attributes of Corporate Social Responsibility – an exploratory assessment from Oman**

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## **Abstract**

This paper reports the results of an exploratory investigation of consumers in Greater Muscat area of the Sultanate of Oman in regards to the important attributes that a socially responsible company should have in order to meet its social responsibility and corporate citizenship. An intercept survey of 153 participants (45% Omanis and 55% expatriates) revealed that a socially responsible company should have attributes such as ‘safe products/services’, appropriate ‘treatment of employees’, provision of ‘reliable products/services’, ‘behave ethically’, and committed to ‘social responsibility’. The 16 item attributes measured on 5-point Likert scale were represented by three components, namely ‘community’, ‘organisation’, and ‘commitment’ and explained 62% of total variance. Whilst gender had no statistically significant difference on these three components, age, education, and nationality demographics showed statistically significant differences. Results were discussed with suggestions for further assessment of the larger sample of the Omani consumers located outside of the Greater Muscat area.

## **Background to the Study**

The Sultanate of Oman, a developing country in the Middle East, is located in the south of the Arabian Peninsula and borders Yemen, Saudi Arabia and the United Arab Emirates. It has a market style economy that is primarily dependent on oil and gas production. This energy sector has a growing number of multinational corporations (MNCs) working in minority joint ventures with the Omani Government. It also comprises a number of associated service companies with increasing local capability (Abdulnabi and Ahmed, 2007; Halfway to Vision 2020, 2007). While the energy sector employs a large number of skilled expatriates mainly from the west and south of Asia, it is showing increasing numbers of local employees. There is also a sizeable community of unskilled expatriates in Oman, mainly from south and South-East Asia, that are primarily employed in the construction and retail sectors, or working as domestic help. The changing employee demographic aligns with Vision Oman 2020 and the 2<sup>nd</sup> Long Term Development Strategy (1990-2020), which aims to diversify from oil and gas, and to foster private sector growth. In so doing, the strategy also aims to develop the indigenous workforce (Abdulnabi and Ahmed 2007; Chamber Oman 2002; Halfway to Vision 2020 2007; Ministry of Information, 2004). This socio-economic growth strategy clearly expects the private sector in Oman, in partnerships with the government, to actively contribute to the achievement of these national strategic goals.

## **Literature Review**

The changing business environment brings into focus an issue of growing importance in corporate social responsibility (CSR) and the associated concept of

corporate citizenship (CC) (Biehal and Shenin, 2007; Luo and Bhattacharya, 2006; Simmons and Becker-Olsen, 2006). Corporate citizenship (CC) or 'enlightened self-interest' is sometimes viewed as distinct from CSR when the focus is purely on corporate philanthropy (Logsdon and Wood, 2005). Given the nature of the Omani market economy, the diversity of employees, the increased push for private and public sector partnerships, and increase in service sector businesses, this paper explores the attribute that consumers in Oman consider important for companies to have in order to meet their CSR/CC obligations. The concepts of CSR/CC, relatively new concept and revolve around how the firm addresses social expectations in the communities where it does business (Brady, 2005; Eweje, 2006; Mohan, 2006). Social expectations of corporations over time are due to a variety of universal/cross-cultural drivers such as "local needs (community expectations), public pressures, globalisation (including multinational influences), competition, public relations (branding), regulation, and a firm's success" (Amaeshi et al 2006, p. 94).

The 1999 Millennium Poll on Corporate Social Responsibility surveyed consumers/peoples worldwide, and found that respondents "expect businesses to achieve social as well as economic goals" (Oppenheimer et al, 2007). This finding was reinforced in the follow-up 'Global Public Opinion on the Changing Role of Companies' survey (Globescan, 2001). The two surveys explored such themes as 'consumer behaviour toward socially irresponsible companies', 'expected role of companies', 'influential factors in forming impressions of companies' etc. (Globescan, 2001). In both surveys, respondents identified such CSR-related factors as environmental impacts, labour practices, business ethics and demonstrated responsibility to broader society.

Some studies have looked at CSR/CC practice from the point of view of developing countries (Amaeshi et al., 2006; Eweje, 2006; Imbun, 2007; Jamali and Mirshak, 2007; Mohan 2006). Most of these studies explore the nature of CSR/CC in specific developing country contexts. Amaeshi et al. (2006) focused on Nigeria, Eweje (2006) wrote on Nigeria and South Africa respectively and Imbun (2007) explored Papua New Guinea. Jamali and Mirshak (2007) explored CSR in Lebanon. Mohan (2006) compared CSR/CC scenarios in the United Kingdom and India. All the studies highlight the relevance of socio-economic, socio-political, and cultural realities in exploring CSR/CC in the developing world, indicating that CSR/CC is not necessarily "a standardised global practice" (Amaeshi et al., 2006, p. 87). A common trait shared by all developing countries is the central role of Western multinational corporations (MNCs) in the respective national economies. In the developing country context, MNCs are seen as both sources of opportunities for job and wealth creation as well as negative social and environmental impacts (Amaeshi et al., 2006; Eweje, 2006; Imbun 2007; Jamali and Mirshak, 2007; Mohan, 2006). They are primarily perceived as partners working with local governments and society for socio-economic development (Amaeshi et al., 2006; Eweje, 2006; Imbun, 2007).

While CSR/CC is primarily about defining the role that is expected of business in societies within which it operates, there appears to be a lack of one universally accepted definition of the concept (Amaeshi et al., 2006; Carroll, 1999).

Definitions tend to be either narrow where corporations are expected to be profit-oriented, tax paying, employment providers within clearly defined legal boundaries (Friedman, 1962) or in marketing terms equating to the marketing concept (Kotler et al., 1998). However, a broader definition finds that a corporation can do all this while trying to create a better world for the consumer and society (Freeman, 1984). Expectations of business may include environmental protection, community development, resource conservation and charitable donations. Empirical studies indicate that one of the drivers for CSR/CC is the “local needs (community expectations)” expressed in any society at any given time (Amaeshi et al., 2006, p. 94); hence, it may be addressing what the corporate sector’s responsibilities are to local communities and other stakeholders (Mohan, 2006; Roberts, Keeble and Brown, 2007). Having reviewed the various CSR/CC studies so far, to answer the question ‘what do consumers (Omanis and expatriates) in Oman consider important attributes a socially responsible company have?’ an exploratory study was conducted in Greater Muscat

### **Methodology**

To investigate the CSR/CC practice in Oman a stratified random intercept sample of both Omani and expatriate consumers in the greater Muscat area of Oman was conducted during September/October 2007. The sample population was delineated by two screening questions asked prior to administering the face-to-face questionnaire. Firstly, a respondent was required to be at least 18 years old, and secondly they had to be aware of or knowledgeable about the concept of corporate social responsibility/corporate citizenship. Those who matched these screening questions were shown cards containing a list of the 16 attributes and were asked to tell how important each of these attributes were for a company doing business in Oman. The instructions on the card read, “*Here is a list of attributes of what people consider / expect a good corporate citizen/socially responsible company to have. Could you go down the list and for each attribute tell me how important you consider each attribute to be when you rate a company for corporate citizenship/social responsibility.*” The attributes list was adapted from Globescan (2001) and Golin (2005) Responses were collected using a 5-point Likert scale: 1=‘not important’, 5=‘very important). Information on demographic characteristics such as gender, age, education, and nationality was also collected. A total of 153 completed questionnaires were collected and analysed using SPSS version 15.

### **Results and discussion**

The majority of respondents were male (65%), 34 years or younger (40%), with college or higher education qualifications (80%), and expatriates living and working in Oman (55%). Of the expatriates the majority (48%) were from the Middle East followed by South Asia (18%) and Europe (14%).

#### *Mean scores and factor analysis*

The mean scores and correlations of the 16 attributes are presented in Table 1. The mean scores ranged from 4.24 (‘safe products/services’) to 3.41 (‘engages community in local business decisions’). The top five important attributes were: ‘safe products/services’, ‘employee treatment’, ‘reliable products/services’,

‘behaving ethically’, and ‘committed to social responsibility’. Overall, the 16 attributes show significant positive correlations ranging from 0.79 to 0.17, with an internal consistency alpha ( $\alpha$ ) of 0.91. Factorability of the 16 attributes was determined by an adequate KMO measure of sampling adequacy (MSA) value of 0.856 using Principal Components with Varimax rotation, eigen value  $> 1$  and factor loading of 0.45 as criteria. This resulted in three components accounting for 62% of explained variance. The three components were named community, organisation, and commitment (Table 1).

**Table 1. Rotated Component Matrix\* of Attributes**

Attributes	(mean scores)*	Comp1	Comp2	Comp3
Donates/invests fair share of profits to benefit others	(3.52)	.812		
Donates/invests goods/services to benefit others	(3.59)	.781		
Corporate values are aligned with those of society	(3.59)	.724		
Actively involved in communities where it does business	(3.66)	.643		
Products/services enhance peoples' lives	(3.71)	.605		
Supports a cause/issue leading to social good	(3.62)	.565		
Engages community in local business decisions	(3.41)	.563		.460
Committed to social responsibility	(3.89)	.473		
Reliable products/services	(4.15)		.877	
Safe products/services	(4.24)		.861	
Employee treatment	(4.18)		.731	
Behaves ethically	(4.08)		.641	
Responsibly markets its products/services	(3.75)		.583	
Committed to workforce diversity	(3.55)			.831
Committed to environmental protection	(3.93)			.727
Committed to economic opportunity	(3.67)			.483
<i>Eigen value</i>		6.677	2.040	1.206
<i>Explained variance %</i>		41.73	12.75	7.54
<i>Cronbach alpha (<math>\alpha</math>)</i>		.868	.863	.740

\*KMO MSA = .856; Principal Components with Varimax Rotation; *Cronbach alpha ( $\alpha$ )* = .91; \*1 = not important, 5 = vey important.

#### *Group differences assessed*

Independent samples t-tests and one-way ANOVA were conducted to determine differences between groups on their perceptions of community, organization and commitment components. Independent samples t-test did not reveal any statistically significant difference between male and female respondents on any of the components; however, statistically significant differences were noted for age, education, and nationality demographics on one or more components.

#### Age differences

Differences were noted on the community and organization components. On the community component the mean score for 18-34 age group (mean = 3.44) was significantly lower than that of 35-44 age group (mean = 3.82) ( $F_{2,150} = 3.595, p < .05$ ). On the organisation component the 18-34 age group scored significantly

lower than 35-44 and 45+ age groups ( $F_{2,150} = 13.062, p < .01$ ). The mean scores for the three age groups were 3.71, 4.34, and 4.31 respectively. This was an indication that the older age group would more likely attach more importance to these two components.

#### Education difference

Those with college or higher education qualifications tended to score significantly higher means on all three components (community, organization, commitment) compared with those with high school or lower grade qualifications ( $t = -4.95, -5.76, -3.85; p < .01$ ). The mean score for the college or higher educated participants on the three components were 3.76, 34.27 and 3.86 respectively while the mean scores on the three components for high school or lower grade participants were 3.05, 3.30, 3.11 respectively, suggesting the importance of education on the understanding more importance to the concepts that reflect community, organization, and commitment on the part of a company in its drive to become a socially responsible citizen. The Pearson Chi-Square ( $\chi^2$ ) test on education and nationality showed that Omani participants of this survey were mainly high school or lower level educated compared with the expatriate participants who reported college or higher qualifications ( $\chi^2 = 20.034, p < .01$ ).

#### Nationality differences

Two of the three components, organisation and commitment recorded statistically significant differences between Omani and expatriate participants of the survey ( $t = -4.106, -2.008; p < .01, p < .05$  respectively). The mean scores for Omani participants on organisation and commitment components were lower at 3.80, 3.56 while the mean scores for the expatriates on these components were 4.31 and 3.85.

### **Conclusion**

This study showed that all attributes were able to load onto one of the three components with the exception of one attributes 'engages community in local business decisions' which loaded on both 'community' and 'commitment' components. Significant differences were noted on three demographic variables, namely, age, education, and nationality. These differences suggest that more mature persons and those with college or higher education qualifications would more likely rate all components (and by implications the attribute variables) higher compared with younger age or lower educated individuals. Further it was revealed that the expatriates were better educated than the local participants, and hence scoring higher on the measurements. However, this study has its limitations. It should be recognised that the survey largely took place during the Moslem Holy Month of Ramadan, during which business hours were shortened. This may have affected Omanis' participation in the survey. As this was primarily an exploratory study using a rather limited sample size, any generalisations are limited to this study's respondents only. Future research on CSR/CC in Oman needs to be directed at a more in-depth study with a larger sample size.

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