



Robert Schuman

**Synchronicity and Reciprocity in
the EuroMediterranean Partnership:
Business Social Responsibility
in the Magreb and Mashriq within
the Framework of an Intergovernmental Organization**

-Astrid B. Boening



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¹ Business Social Responsibility (BSR) and Corporate Social Responsibility (CSR) will be used interchangeably in this paper

Introduction

Payne (1994, 1) writes that

there are some auspicious signs for the future of democracy in the region. The new post-Cold War environment has reduced the internal security pressures that led to authoritarian regimes in the past and has increased national and international support for democratic change. In addition, the failure of authoritarian regimes to bring economic stability and political order, and the widespread discrediting of such regimes, has lessened their appeal as alternative political models.

While these words were written in the context of Latin America, they could find applicability in the Magreb and Mashriq today as well. Both the Middle East and North African countries (MENA) and Latin America share a history of authoritative governments and uneven socio-economic development into the twenty-first century. The end of the Cold War changed the global polarization from one of bi-polarity into one of multi-laterality. With the economic and political burden of the Cold War lifted from the global community, many other problems in the world were not automatically resolved simultaneously, however. The disintegration of the Soviet Union made democracy now a viable option, and opportunity, in many parts of the world. However, the post-Cold War international environment did not catapult the world into maximizing democracy nor does democracy automatically equate development. No one would argue about the positive correlation between economic development and political stability (e.g. Christiansen, Petito and Tonra 2000, 404). As much discussion as has taken place on this topic – and development and research funds spent – the yawning gap in income between developed and developing countries has worsened in the past three decades despite a booming world economy (Ocampo 2006).

MENA is one area in the European “neighborhood” with traditional historical and cultural ties to Europe in addition to the continuing strategic significance between the two. Approaching the Middle East and North Africa (MENA²) from the current geo-political perspective of Iraq (which is not a EuroMediterranean Partnership (EMP³) member), potential Iraqi instability will likely spread to the Middle East in the foreseeable future. It can be expected to cause problems especially in countries with divided societies, such as Lebanon, where Islam will fill the political and intellectual vacuum according to Haass (Spiegel Online 11/13/2006). Balancing the widening income gap *among* the developing countries in MENA in addition to balancing overall international income inequalities (e.g. within the larger Euro-Mediterranean society) is one essential step to proactively engage with potentially more volatile developments in MENA from an economic perspective of many countries, be they the EU, the US or others.

There are a multitude of considerations for Europe’s engagement in MENA. Security in many forms of course has been front page news in this region since World War II at least, only to catapult itself there higher almost daily for a number of reasons. Economic disparities within MENA and in relation to the EU as referred to above are a significant direct and indirect problem. The direct issues arise e.g. when thousands of mostly economic refugees leave North Africa annually on a dangerous Mediterranean crossing to European Union (EU) territory, such as the Canary Islands, Gibraltar or Italy. This journey often involves numerous fatalities among the refugees due to the treacherous transportation devices used. The arrival of the refugees in the EU

² The expression MENA will be used intermittently in this article to refer to the member states of the EuroMed Partnership (EMP), which includes Israel, unless specified otherwise.

³ Currently the EMP comprises the twenty-five EU member states, and ten Mediterranean Partners (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority, Syria, Tunisia and Turkey, which is now also an EU candidate country)

represents not only a problem in terms of illegal and undocumented immigration at a time of increased border security world wide, but also forces the EU to undertake expensive repatriation to the sometimes uncooperative countries of origin. An indirect consequence of unequal economic development is, as referred to above, its linkage to political unrest which in turns becomes fertile ground for terrorism in MENA and which has been spreading progressively to “the West”, including Europe.

The traditional weak link in Western economic security post-World War II are petroleum resources. The most recent challenge to the European Union’s energy security is the EU as petroleum buyer from an increasingly mafia-like Russia as well as from former Soviet republics and the Middle East. From an EU standpoint the political and economic unreliability of Russia as a petroleum source became exacerbated when Russia “enhanced” it’s questionable reputation by signing an agreement with Algeria to restrain foreign investments (particularly in the petroleum sector) in the latter country (Dombey 2006) and hence inhibiting multilaterality and open markets in Algeria (an EMP member state). Other current economic topics between the EU and MENA would be the growing trend of funds flowing from Europe to North Africa, inviting the establishment of an investment bank to collect more of this money and invest it in long term projects in Algeria, Tunisia, and Morocco (Arnold 2006).

This small sample of topics between the EU and MENA outlines the broad areas of mutual economic, political and socio-cultural interest between these two regions and the EU’s utmost interest to address the roots of economic and political instability in North Africa and the Middle East. Zinn (2006) argues that war is not a successful approach to defeat terrorism by religious extremists, which continues to spread within and around MENA. In this paper I will examine a mechanism unique to a large portion of the Mediterranean region, the EuroMed Partnership (EMP). This intergovernmental forum was founded in November 1995 to balance the widening income gap among developing countries, in addition to the overall international income inequalities. The EU and MENA countries agreed to develop programs for economic growth, to address political issues and to promote inter-cultural exchange and to improve human understanding between their societies as approaches to development.

The EMP constitutes the EU’s main multilateral foreign policy instrument in MENA. Currently, the EMP comprises the twenty-five EU member states, and ten Mediterranean Partners (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority, Syria, Tunisia and Turkey, which is also an EU candidate country) and Libya as observer since 1999). Malta and Cyprus, also original EuroMed Partners, are now EU member states. In this paper I will also examine whether there are indications for the “growing trend toward the private ordering of functions traditionally regulated by the public sector” (Cutler, 216) in MENA within the framework of the EMP. Additionally I will discuss whether there are government forces (i.e. the IGO relationship between the EU and the governments of MENA), which, though of “soft character” (Ibid.) and not legally binding on the private sector’s BSR, may yet have indirect legal effects which are effecting initiatives aimed at facilitating the adjustments of their societies and political economies to global market forces (Ibid., 217).

Historical Background of the EuroMed Partnership (EMP)

The first Euro-Mediterranean Conference of Foreign Ministers was held in Barcelona in November 1995 and marked the official starting point of the EuroMed Partnership (the “Barcelona Process”). The EMP established three main objectives for the partnership:

- the definition of a common area of peace and stability through the reinforcement of political and security dialogue;
- the construction of a zone of shared prosperity through an economic and financial partnership and the gradual establishment of a free-trade area;

- the rapprochement between peoples through a social, cultural and human partnership aimed at encouraging understanding between cultures and exchanges between civil society” (Horizon 2020 Bulletin 2005, 2).

The EMP constitutes the EU’s main multilateral foreign policy instrument in MENA. As mentioned above, the EMP currently comprises the twenty-five EU member states, and ten Mediterranean Partners (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority, Syria, Tunisia and Turkey (which is also an EU candidate country) and Libya as observer since 1999). Malta and Cyprus, also original EuroMed Partners, are now also EU member states.

The EMP’s mandate is based on the political, economic and culturally strategic significance of the Mediterranean region to the European Union (EU) and seeks to develop a relationship between its partners based on “comprehensive cooperation and solidarity, in keeping with the privileged nature of the links forged by neighbourhood and history” (EU Commission website 2006: Barcelona declaration). The “three pillars” of the EMP follow the regional (multilateral) and bilateral tracks established in the Madrid Peace Conference for the international relations among MENA and the EU in these three general areas:

1. **The political and security partnership** with the aim of strengthening the political dialogue is based on the “observance of essential principles of international law, and to reaffirm common objectives in matters of internal and external stability” (Ibid.). EMP partners agreed to act in accordance with the UN Charter and the Universal Declaration of Human Rights (such as guaranteeing “the effective legitimate exercise of such rights and freedoms, including freedom of expression, freedom of association for peaceful purposes and freedom of thought, conscience and religion, both individually and together with other members of the same group, without any discrimination on grounds of race, nationality, language, religion or sex” (Ibid.)) as well as other obligations under international law, including their regional and international agreements. Furthermore, they agreed to “develop the rule of law and *democracy* in their political systems, while recognizing in this framework the right of each of them *to choose and freely develop its own* political, socio-cultural, economic and judicial system, ... respect for diversity and pluralism in their societies [both within MENA AND the EU], promote tolerance between different groups in society and combat manifestations of intolerance, racism and xenophobia, ... to respect the equal rights of peoples and their right to self-determination, *acting at all times in conformity with the purposes and principles of the Charter of the UN, ... including those relating to territorial integrity of States* (Ibid., emphasis mine).
2. **In the Economic and Financial Partnership** aspect of the EMP the participants emphasize the importance of sustainable and balanced economic and social development with a view to achieving their objective of creating an area of *shared* prosperity and the impediment debt represents to development (e.g. by promoting an environment conducive to both internal savings as the basis for investment, and by direct foreign investment), the need to dialogue and regionally cooperate for an acceleration of socio-economic development (e.g. through the promotion and development of the private sector (including BSR), upgrading the productive sector, establishing appropriate institutional and regulatory frameworks for a market economy, such as those protecting intellectual and industrial property rights and competition, and those promoting mechanisms for technology transfer), the progressive establishment of a free-trade area and a substantial increase in the European Union’s financial assistance to its partners (Ibid.).

This section of the EMP also emphasizes the interdependence between member states with regard to the environment which requires increased regional cooperation and coordination among existing multilateral programs. Furthermore it stresses the importance of the conservation and rational management of fish stocks, including aquaculture. Additionally it acknowledges the pivotal role of the energy sector in the economies of EMP partners and it was decided to strengthen cooperation and intensify dialogue in the field of energy policies,

including the appropriate framework conditions for investments and the activities of energy companies (Ibid.). The supply, management and development of water resources, the modernization of agriculture and the development and improvement of infrastructure, especially in rural areas, including efficient transport systems and information technologies, were also declared priorities (Ibid.).

The participants acknowledged that the creation of a free-trade area and the success of the EMP require substantially increased financial assistance through the EU and the European Investment Bank (EIB), based on the sound macro-economic management in terms of promoting dialogue and optimized financial cooperation among the respective economic policies of member states (Ibid.).

3. **Social, cultural and human affairs** are delineated in the EMP with the aim of developing human resources, promoting understanding between cultures and exchanges between civil societies (Ibid.). The participants recognize that the traditions of culture and civilization throughout the Mediterranean region, dialogue between these cultures and exchanges at the human, scientific and technological levels are essential factors in bringing their peoples closer, promoting understanding between them and improving their perception of each other, as well as the importance of the role mass media can play in the reciprocal recognition and understanding of cultures as a source of mutual enrichment (Ibid.). Additionally, the importance of civil society and the development of human resources is addressed in the EMP, such as social development and education and training for young people, e.g. the familiarization with the cultural identity of each partner country by facilitating active exchange programs between partnership states.

The importance of these programs is to develop civil society as a significant component of functioning democratic institutions and strengthening the rule of law. They are also recognized as positive factors in economic development which in turn are hoped to reduce illegal migration (compare White 2006) to the Northern Mediterranean countries by raising the Magreb and Masrhiq standards of living to ideally approach those of the EU. EMP states also agreed to cooperate in the repatriation of illegal immigrants as well to cooperate in the joint fight against drug trafficking, international crime and corruption, racism, xenophobia and intolerance (Ibid.).

The EMP in practical application

Jose Antonio Ocampo (2006), UN Under-Secretary General for Economic and Social Affairs, states that the “global economic conditions and regional economic environment” (Ibid.) are important factors in reducing the yawning gap in income between developed and developing countries. Additionally, he recommends developing countries to transform their production and “export structures, particularly by shifting resources to activities with higher levels of productivity” (Ibid.) rather than specialize solely in natural-resource intensive sectors. He also stresses the need to strengthen economic linkages among developing countries to create new domestic technological capabilities and to integrate these countries into dynamic world markets *within* the mutual reinforcement of macroeconomic stability (such as soothing normal business cycles instead of pro-cyclical fiscal adjustments) with investment (such as creating fiscal space through improved governance, a strengthened tax base and institutional reform including the creation of regulatory and institutional frameworks required for well functioning markets) and growth strategies.

In the case of the EMP we notice that since its inception in 1995 its members have set out to in fact pursue this agenda: Follow-up meetings between the foreign ministers of EMP member states as well as conferences have been taking place since the signing of this agreement. Examples of their results are the establishment of a EuroMediterranean Free Trade Area through harmonization of rules, procedures and standards in the customs field, the elimination of

unwarranted technical barriers to trade in agricultural products and the adoption of relevant food, phyto and veterinary sanitation measures and the reporting of reliable data (e.g. economic, financial etc.) on an EU- harmonized basis. Joint research programs, especially in the telecommunications and energy sectors (including the support for renewable sources of energy) and regional tourism development, environmental protection (especially combating desertification) and scientific and technical cooperation (such as the expansion of the Mediterranean Water Charter of 1992 for the expansion of desalination projects, clean-up of the Mediterranean Sea and improved research into fish stocks to compensate for over-fishing in the Mediterranean) (Ibid.).

A particular focus in MENA as part of the EMP are development measures for small and medium enterprises (SMEs) and the adoption of international/European standards for, and the upgrading of, conformity testing, certification, accreditation and quality standards both in the public and the private sectors. The Euro-Arab Business School in Granada and the European Foundation in Turin are contributing to this end, as is the Anna Lindh foundation which focuses on women's empowerment and development. It should be pointed out that NGOs, such as the Stanley Foundation (in association with the Institute for Near East & Gulf Military Analysis) in the US for example also address open Arab media (though in the context of US foreign policy) and similar goals as the EMP. None, however, have the legitimacy or are as all-encompassing as the EMP. This paper does not set out to address the role of NGOs in MENA specifically. The example of the Stanley Foundation only serves to point out that the EMP is not simply an EU construct out of ulterior market and political motives, but instead emphasizes the multilaterality involved in the EMP.

The main financial instrument for the EMP is the EU's MEDA program. For the period from 1995 until 2003 MEDA's budget was 5.458 million Euros, while the European Investment Bank lent fourteen billion Euros since 1974 (3.7 billion Euros in 2002-2003) (European Commission Euro-Mediterranean Partnership/Barcelona Process website).

The EMP has made concrete progress in wide areas of its mandate: Member states agreed in May 2006 to a European Commission draft for "level 2" implementation of measures to combat money laundering and terrorist financing, launched the first two twinning projects in Euro-Egyptian relations in the tourism and maritime safety sectors, and the "Europe for Mediterranean Journalists" project to empower journalists to have greater, more informed knowledge when they present EuroMed Partnership-related information to their audiences and to network among colleagues in the region (in addition to the establishment of many other programs).

Several think-tanks have been established in the context of the EMP, such as IEMed (the Institut Europeu de la Mediterrania) and the Anna Lindh Euro-Mediterranean Foundation for the Dialogue between Cultures. The former organization pursues a very broad agenda of lectures, seminars, training, exhibitions, cultural activities and publications on the politics, economy, migration, society and cultural dialogue on EMP issues, such as civil society, participation and human rights, minorities and cultural identities, women and social change, sustainable development, and human movements and migration. The Anna Lindh Foundation pursues a broad human development/ training agenda in member countries on goals agreed on by EMP members. It is apparent that within the EMP the EU's "four freedoms" (i.e. the freedom of movement of services, capital, goods and people) are becoming more and more established, as e.g. also the 2003 Framework Protocol for the liberalization of trade in services between all EuroMed Partners shows.

Business Social Responsibility in the EMP

BSR in a Global Context

Matten and Moon (2007, 336) define CSR as “a cluster concept which overlaps with such concepts as business ethics, corporate philanthropy, corporate citizenship, sustainability and environmental responsibility”. Business social responsibility (BSR) has matured in the US as an accepted activity of business despite the recommendation of some economists such as Milton Friedman (compare Nocera 2006) that “the social responsibility of business is to increase its profits” and not be philanthropic. While some critics argue that BSR is “little more than window-dressing, intended to give companies a good name without having to back it up with real deeds” (Ibid., 3), the corporate “good deeds” for the common good and welfare can hardly be written off entirely. While BSR may not solve global warming simply from the side of private business, without corporate involvement in social issues we would probably be worse off – as the pre-EMP status shows.

Is this new corporate virtue entirely intrinsic to business, or is its development reciprocal with other factors? As BSR in the US shows, market forces such as government regulation (e.g. to balance fishing in the Mediterranean with the development of fish stocks) and “civil regulation” (e.g. consumer endorsements or boycotts of a company (Vogel 2005, 3) affect business virtue. “Corporate social responsibility may be, in the words of the *Economist*, [“The Good Company”, *Economist* 1/22/2005, 3] ‘the tribute that capitalism everywhere pays to virtue’” (Ibid.). John G. Ruggie (2004, cited in Vogel 205, 3.), former Special Assistant General of the UN, writes that, “although it remains contested, the principle is taking hold that transnational firms ... ought to be held accountable not only to their shareholders, but also to a broader community of stakeholders who are affected by their decisions and behavior”. Coca-Cola acknowledged that it needed to deal seriously with social and environmental issues casting doubts over its brand by re-positioning it as the “recognized global leader in corporate social responsibility” (Ward 2006). The synchronicity between doing well economically and social responsibility is also reflected in many aspects of social responsibility and philanthropy by the wealthiest of individuals. Duke (in Murray 2006), head of wealth advisory services at HSBC Private Bank observes that the world’s wealthiest donors today want to be involved in decisions about how and where their often substantial donations are spent rather than simply paying a larger share in taxes to the government and letting it decide how to benefit society.

With the EMP as an IGO laying an economic, political and social framework among all its partners for regional integration and economic growth based on human rights, the rule of law and the development of civil society, culminating hopefully in democracy in all member states, MENA countries in particular are in a position now to maximize their economic development both on a public level (e.g. through the development of infrastructure) and in the private sector. While the emphasis in the EMP is on “human development”, e.g. through the promotion of gender equality and increased access to education in both urban and rural areas, it is hoped that all segments of society benefit politically, economically and socially.

This approach within the EMP is parallel e.g. to the United Nation’s Industrial Development Organization’s (UNIDO) program of reducing poverty through sustainable industrial growth. The umbrella concept to this program is the UN Global Compact of 2000 in which then UN Secretary-General Kofi Annan challenged business leaders to join an international initiative which would bring companies together with UN agencies, labor and civil society to support universal environmental and social principles (United Nations Global Compact). The EMP’s strategy was, with other words, five years ahead of the equivalent global UN strategy in “pairing” economic development in MENA with environmental and social principles and continues to harmonize today with the multi-lateral global standards of the UN in this respect. John Ruggie (2004) declared at a UN summit on good corporate citizenship in 2004 that “the impact of the Global

Compact has not only been through the community of multinational corporations but also in the developing countries, both in the private sector and also in the public sector, and [that] this is a very unusual feature,” implying that the role of government in increasing transparency, effective institution building and the growth of civil society, to name a few, are positively influenced by BSR in developing countries.

Development of BSR in Europe

In Europe BSR was regarded as an American phenomenon, “reflecting American traditions of participation, self-help and small or at least indirect government” (Matten and Moon 2007, 336). To understand BSR within the framework of the EMP one must understand its development in Europe. Since social, economic and political development and socio-political stability are interrelated, what then are some of the actual mechanisms utilized to realize these goals within the EMP? In other words, how do the public (EU and MENA) sectors integrate with the private sectors in MENA? The goals sought in the EMP are achieved in purely economic terms through private sector development, based on the principles of human rights, rule of law etc. as outlined in its declaration. How can these mechanisms within the EMP then be envisioned?

First of all, the EU is overall providing “best practices” standards within the EMP. Since human and economic development go hand in hand, e.g. through training, by increasing awareness of environment (as evidenced with the Mediterranean over-fishing problem or through private development of fish stocks through aquaculture) or by ensuring gender equality in education for all students’ access to education not only to be more employable in modern industries but also to raise their political awareness in terms of human rights. As a result of the EU’s legitimacy (based on its multilateral involvement in MENA, often in tandem with UN projects and goals) in MENA, resulted in NGOs, academia and private industry to build up momentum since the inception of the EMP in 1995 in addressing the socio-political and development in MENA.

While MEDA funding also is certainly not to be underestimated in encouraging development through good governance, some Europeans are cautious about aid and debt relief per se in Africa but rather favor broad activism of intergovernmental, corporate and private social involvement. The EU emphasizes the need for developing countries to commit themselves to good policies (Williamson and Beattie 2006) and stress “reform partnerships” between e.g. the Group of Eight and a select group of well-governed African democracies to help them attract international private investment (Ibid.). While the US has spearheaded the social and institutional evolution of BSR, we observe that in many European countries corporatism, i.e. the historical embeddedness of a considerable portion of social responsibility in corporate activities, has been dictated by national governments for over a century. However, Matten and Moon (2007, 335) observe that in the last few years CSR in Europe has gained unprecedented momentum. The establishment of formal BSR practices in the EU did not take place until 2002 (European Union Commission website: Corporate Social Responsibility). In the absence of formal CSR language previously in Europe, corporate social responsibility in Europe could be characterized according to Matten and Moon (2007, 336) as “implicit”, meaning that a corporation’s policies were “implicitly codified in the norms, standards and legal framework of Europe and its nations” (Ibid.). This is contrasted to “explicit” CSR whereby a corporation’s responsibilities towards society are explicitly outlined (Ibid.) by them.

The route to the establishment of “explicit” CSR in Europe started in the US and spread through globalization trends to all continents, including Europe. As companies from all continents started to operate globally, the legal parameters of corporations began to be tested. Claire Cutler (p. 201) has traced the evolution of legal norms which govern CSR as “evidence of a new transnational public sphere” and a new nonstate-based public space. She quotes Ruggie (2004) who states that the dynamic interplay between multinational corporations and civil society

organizations is a “*fundamental reconstitution of the global public domain ... [separate] from an interstate realm to one concerned with the production of ‘local public goods’*” (Cutler, 201) and signals the “*articulation of an incipient global civil society and public sphere*” (Ibid.). Despite a lack of consensus about CSR norms (i.a. due to conflicting legal decisions in the US), corporations are adopting their own standards to preempt governmental regulation.

In terms of formal CSR, the European Commission published as recently as March 2006 (website of the European Commission “Corporate Social Responsibility”) an announcement for a “European Alliance for CSR” to specifically promote and encourage CSR among European enterprises in terms of awareness-raising and best practices exchange, support to multi-stakeholder initiatives, cooperation with member states, consumer information and transparency, research, education, SMEs and the international dimension of CSR (Ibid.). While we have observed that implicitly the EU’s standards for respect for human rights, social welfare, environmental protection, gender equality, and corporate responsibility were traditionally some of the highest in the world, formal benchmarks for BSR in Europe’s businesses were established only in the last few years. A case in point is the case study of BSR there, in which Colonomos and Santiso (2005) outlined the evolution of BSR in France which started in the private sector, leading to “the construction of a domestic public space and new social networks – a market of virtue – based on cooperation among nongovernmental organizations [NGOs], norms activists and business. Second, it has influenced some firms in the definition of their international strategy” (Ibid., 1). We should remember that France is not necessarily the epitome of sophisticated globalization and the development of BSR in France may not be typical for the entire EU. Yet Thornhill (2006) quotes French presidential hopeful Nicolas Sarkozy that “globalization was both ‘an immense hope and a terrible danger’ that had to be confronted head-on. ‘Globalization is a fact... The question ... is whether we are prepared for it’”. Hence the EU’s engagement in MENA via the EMP is a political and social reciprocal and synchronous process which was ahead of formal BSR norms in the EU by several years.

Private corporations which now have broader opportunities in MENA as a result of the economic, political and socio-cultural frameworks laid out in the EMP will most likely transfer their internationally accepted BSR programs to this region, though little quantitative data exist to exactly what extent non-state actors in MENA are reciprocally shaping the economic and public debate by compelling states to react and set new public policies (Colonomos and Santiso 2005). Cappellin and Giuliani observe that BSR

spread to many developing countries via processes, policies and institutions often associated with globalization. A crucial element was the diffusion of certain values and ethical principles related to democratization and progressive religious thinking. Democratization also paved the way for the expansion of civil society organizations and social movements concerned with the social and environmental impacts of business. A key actor in these developments was a sector of the business community, in particular business associations, that not only represented the economic interests of their members but also addressed philosophical and cultural issues, including the relationship of business to society. Critical of traditional corporate behaviour, this network tried to raise the social awareness of firms and promote philanthropic activities. ... [Additionally,] corporate social responsibility became a means of partially mitigating the social effects of these policies and processes of globalization and a free market economy (Cappellin and Giuliani 2005, 1).

A possible model of this co-constitution between the private (corporate and NGO) actors (e.g. via processes of BSR) and public structures within interactions along EMP processes would be as follows:

Figure 1: Reciprocity of dependent and independent variables between **Structure** (the EMP as the “institution”) – **Agent** (via the socio-political process of Interaction within the EMP)

and

the formation of the **actors’ Identities and Interests**

(such as a greater voice for women, more equal access to education, environmental clean up) in reciprocity with the institution through the process of interaction:

DEMOCRATIC EMP IV:
 INSTITUTION } = IV --> DV: INTERACTION --> DV: { IDENTITIES
 { INTERESTS (==>IV ->

DV }= <-- <= IV <-> DV <--

Although this paper is not a comparative analysis of BSR in MENA countries, I have chosen a few EMP member states as samples for BSR in the “southern Mediterranean” portion of the EMP.

BSR in select MENA countries

Luna (2004, 348) observes that this internationalization of the economy affects organizations’ institutional dynamics [and] depends on three main types of factors: external elements (e.g. market pressures), internal factors (e.g. shifts in governmental activities, such as compliance with human rights, environmental and gender equality norms agreed on by the members of the EMP in the case of MENA) and those related to institutional traditions (which are addressed in the EMP in terms of respect for cultural traditions, such as existing monarchies in MENA) that constrain and give meaning to the implementation of different practices (Ibid., 334).

To understand the role and expectations of society in driving CSR, one can utilize Hofstede’s (1984, 1991) classification of cultural dimensions below to serve as explicative frameworks in analyzing cultural differences. BSR as a construct then can be related to these four areas (“drivers”) of the relationship between business and society:

1. Economic responsibility: *required* of all companies
2. Legal responsibility: *required* of all companies seeking to be socially responsible
3. Ethical responsibility: *expected* by society over and above economic and legal expectations
4. Philanthropic responsibility: *desired* of corporations” (Ararat 2006, 2).

In order to understand these drivers of BSR within MENA (except Israel), Ararat (Ibid., 4) applied Hofstede’s (1984, 1991) five value oriented dimensions, distinguishing societal cultures:

1. Social inequality including the relationship with authority (power distance)
2. The relationship between the individual and the group) individualism versus collectivism)
3. Concepts of masculinity and femininity
4. Ways of dealing with uncertainty
5. Long term orientation versus short term orientation in life”

Ararat's (2006, 5) results determined that the drivers of BSR (listed above) were found to be common in MENA countries, reflected in these observations:

- "The need to improve the investment climate; better governance, voluntary disclosure, transparency, accepting the rule of law etc. (Turkey, Morocco, Egypt)
- Increased international and local competition due to liberalization; concerns for efficiency and productivity (Jordan, Turkey, Egypt)
- International business relations; learning by examples (all countries)
- International Codes of Conduct ...
- The need to comply with International Standards (Morocco, Turkey)
- Government; new laws and regulations – Corporate Governance Codes, disclosure and reporting requirements, labour law (Turkey, Morocco, Palestine, Jordan)
- Improved enforcement of existing laws and regulations (Turkey, Egypt)"

Ararat (2006, 7) found that in MENA (except Israel) the drivers for BSR are exogenous (e.g. multinational companies and their joint venture, laws and regulations imposed by international agreements, NGO activist work and rational choices are driven by the desire to be associated with the EU, academic research and management education etc.) rather than endogenous to the civil or political structures. Ararat (Ibid.) also observed "that macroeconomic stability induces ethical behaviour" by establishing the moral authority of governments and improving their law enforcement capability. The negative side of economic development is the acceleration of the convergence of business cultures "and may partially neutralize the local societal cultural characteristics that may be unsupportive of CSR" (Ibid.). While neutralizing CSR dynamics could be viewed as negative versus losing local cultural characteristics to the uniformity of a McWorld culture is a delicate balancing act in globalizing processes overall. The framework of the EMP which acknowledges the significance of regional and local customs while still undertaking economic development and democratization is a multilateral approach by all member states to improve the quality of life for MENA populations without requiring a negation of indigenous values.

Additionally, Ararat (Ibid., 15) determined that in terms of CSR drivers in MENA (without Israel) these are diametrically opposite the American and European (and possibly Israeli) contexts of CSR. She finds that in the Magreb and the Mashriq economic responsibilities need to be institutionalized as markets are largely inefficient, that legal responsibilities require effective law enforcement and freedom for market forces to be able to act with a balanced view, that ethical responsibilities require increased education and awareness, rather than a "wait and see" attitude, and that philanthropic responsibilities do fill public gaps by supporting education and health care. Hence it becomes apparent that the EU's institutional guidelines and programs as part of the EMP directly address exactly these economic, legal and educational shortcomings in MENA. Reliable public institutions are anticipated to encourage the regional establishment of (multinational) corporations and their social "activism" in reciprocal public and private support of socio-economic development.

This paper is not a comparative study of CSR in MENA, partially because of the evident lack of research and data on the issue in the region (Ararat 2006) I am adding a few informal, brief CSR "snapshots" for select MENA countries.

Algeria

CSR in Algeria appears to emanate from international corporations, such as KPMG, who apply their commitment to the Global Compact equally in all countries in which they are active (kpmg.com). There is limited evidence of private initiatives and NGO activity, except those that address developing nations in general or arrive as the result of an acute emergency.

Egypt

In Egypt substantial initiatives for CSR originate in academic circles, especially the American University in Cairo, and through UN activities. The advantage of this is that these institutions face less cultural restrictions as indigenous associations do, hence e.g. being easier able to offer women opportunities to participate in grassroots initiatives which they might not have otherwise. This not only broadens the base for the population's participation in the CSR "learning curve" in Egypt, but at the same time accomplishes some of the criteria the EMP set out to do, such as education and training (UNDP Egypt website).

Israel

Possibly for security reasons, BSR in Israel does not appear to be a profound factor from either the social, the business or the environmental standpoint. Since Israel is a highly industrialized and well-institutionalized country with a well-thought out and publicly supported social system and substantial awareness for its environment, the need for BSR is probably relatively the lowest here among all MENA countries.

Jordan

The Urdun Al Jadid Research Center (UJRC) in Amman is a partner of the MENA Development Forum. One of its objectives is the enhancement of private sector commitment to social responsibility, to facilitate dialogue, create a culture of responsibility and to establish networks to promote CSR in MENA (World Bank report 2006). This institute is intensely pro-actively involved in promoting the private sector's increasing role in the economies of the MENA region to place more responsibility on the shoulders of the private sector with respect to CSR towards the community and society at large while simultaneously keeping the interest of the wider range of stakeholders beyond the immediate community in mind. In Jordan CSR is very clearly identified as being placed within the institutional framework of good corporate governance in the MENA region in order "to strengthen the role of business in sustainable development by promoting corporate accountability and ethical business conduct" (Ibid.).

It's regional involvement in 2006 included case studies on CSR in selected MENA countries as well as workshops in Amman, Cairo and Casablanca to feed into the World Bank's MDF5 forum on feasibility of new CSR initiatives in this region (Ibid.).

Morocco

Morocco appears to be comparatively well integrated on the labor, ministerial, and IGO levels towards the achievement of the principles of the Global Compact via companies doing business in this country (compare Global Compact Italia).

Palestine

Palestine is a nascent entity (or a state of self-rule government) which emerged following the 1993 Palestinian-Israeli "Declaration of Principles" treaty. Hence Palestinian public and private institutions and NGOs are very young. This frailty invited much support from overseas public and private organizations (including the EU individually and as part of the EMP) and as a result BSR appears to be relatively better defined and established within the tenuous structure of this small state (Ghanem – no date) than in better established older countries, such as Egypt which need to

overcome old corporatist and paternalistic structures before their society can re-engage more effectively in more egalitarian and environmentally respectful BSR practices.

Religion and Social Responsibility in the EMP

The role of religion in the context of BSR in MENA of course cannot be ignored. In the EMP religion is not directly addressed as the EU's values provide for religious freedom and a separation of church and state. In terms of the role of religion in MENA the charter of the EMP succinctly states that the cultural values (which includes religion) of each member state be respected. The EMP comprises a mostly Christian population in the EU, a mostly Muslim population in MENA with Israel as an almost exclusively Jewish country. The concept of philanthropy per se is however explicit in all three religions.

Some authors reject that Islamic Economics exist (Gonzales-Pelaez 2005, 16). However, many business as explicitly address the Muslim (or any religious) market specifically. Union Bank of Switzerland is marketing Sharia-compliant commodities (Bokhari, Morrison and Tett 2006) as a product in their portfolio to strengthen this bank's activities i.a. in MENA. Halliday (2005, 89) writes that "Muslim economics" amount "to nothing more than inefficient state control of the economy and some almost equally ineffective redistributions policies". Other authors (e.g. Murden 2004, 118) maintain that the mixture of Islamic and non-Islamic principles meant that neither Islamic principles were fully enforced nor free markets properly established (Gonzales-Pelaez 2005, 16).

Another aspect often associated with religious organizations is grant making for the purpose of civil society development, which is. Especially in the MENA the role of religious groups in providing social services (compare Hezbollah in Lebanon) and constituting a large portion of civil society is significant. The role of some NGOs, such as the Interfaith Center on Corporate Responsibility (compare public letter to John Ruggie, 6 February 2006), in support of human rights and UN development programs in general are not *a priori* ignored in this paper, but are simply not directly within the scope of this paper. As Ararat (Ibid.) writes:

It will take some time before the local [MENA countries without Israel] societies will play a significant role in driving the CSR in the region. This change will involve a shift in values towards universal values, a process which will continue to be driven by democratization and globalization.

However, this paper intentionally focuses on the secular, multilateral intergovernmental partnership to achieve development, social inclusion – and to minimize the polarizing aspects of religions in this region. The EMP instead intends to bridge elite ethos versus mass consciousness as tied to religions in this region (which Thumala Olave observed e.g. in Chilean philanthropy) (Thumala Olave 2006). Regardless of the label, we can say that religion (both Islam, Judaism and Christianity) affects the economy in MENA (as everywhere) to some extent.

The role of women in MENA (excluding Israel in this analysis) in the context of religion requires particular attention. She writes that

Undoubtedly Islamic traditions which restrict the participation of women in social life reduce the influence of the society on business. Encouraging women to be active in social life as demanding customers, concerned parents for the future of children and as members of organised labour will dramatically improve the role society plays in driving the business. A vivid and active society can not be without women. Supporting the education of women has been reported as one of the preferred themes of philanthropy in the region (Ararat 2006, 7)⁴.

Comment [AB1]:

Comment [CoAaS2R1]:

⁴ Compare Ahmed-Ullah (2006): "Muslim women find their voice"

This means that the role (religious) NGOs and political groups based on religion may be blurred and probably finds itself in a state of transition between democratization and market liberalization movements while still upholding cultural patterns, partially based on religion. With the consolidation of democracies and free markets in MENA, the institutional roles of state and church become clarified (separated?) and the integration of CSR balanced between the two, with states yielding some social responsibilities (e.g. health care, protection of the environment, training) to the private sector.

Discussion

Globalization is not new. But the speed at which it expands and deepens is extraordinary. The impact of the new economic giants such as China, India and others as well as the gap between the EU and the US which is not closing are concerns to the EU (Commission of the European Communities 2005, 4). Buzan and Gonzalez-Pelaez (2005) find that an analysis of Middle Eastern society through the English School lens is helpful in understanding the traditionally non-liberal mix of inter-human, transnational and interstate social structures of the classical Islamic world in a “layered international social structure in which some norms and institutions are shared and some not” (Ibid., 11). The EMP can be understood as functioning within this interplay of interregional and global socio-political and economic structures⁵. Indeed, it is a project of mutual learning on both shores of the Mediterranean, the traditional Judeo-Christian club of the EU (in tandem with Turkey’s current EU accession proceedings) opening itself socio-culturally to the Muslim world and actively engaging itself politically and socio-economically, with the reciprocal true for the MENA member states.

Aid and debt relief have not improved political stability or economic wellbeing in Africa adequately. Instead the EU prefers to support developing countries to commit themselves to good policies (Williamson and Beattie 2006) through the promotion of trade coupled with aid. Usrey (2006) suggests that we need an “Entrepreneurial Corps” similar to the Peace Corps, consisting of faculty, students and business leaders from China and the US in partnership with African entrepreneurs to satisfy the US’s Millennium Goal obligations in Africa on a multilateral basis and to make a victory in the war on terror a possibility. In the alternative, “archbishop Desmond Tutu recently stated that the war on terror will not be won as long ‘as poverty, squalor, ignorance and disease make [men and women] desperate’” (quoted in Ibid.). Posited herein Held (1999) states that common European values underpin their social models. They are the foundations of our specific European approach to economic and social policies domestically. “We can have a strong voice, projecting European vision and European values among our partners around the world ... the status quo is not an option ... growth and jobs is a truly European agenda. ... The EU’s Member States have developed their own approach reflecting their history and collective choices” (Ibid., 3). The EU’s public sector’s role of delivering high quality services of general interest through regulation or government spending and a strong “European dimension” reinforces national systems on a European level (Ibid.). The EU attempts to integrate this system into their bilateral and multilateral relationships through the EMP in MENA.

While the *bilateral* “track” of the EMP addresses characteristics specific to the relations between the EU and individual Mediterranean partners, the regional (*multilateral*) dimension of the EMP covers simultaneously region-wide economic, political and cultural cooperation. The “regional cooperation has a considerable strategic impact as it deals with problems that are common to many Mediterranean Partners [due to the partially shared history of MENA, for example], while it emphasizes the national complementarities [between them] (European

⁵ Such as democracy, free markets, equal education access for youth or gender equality, the multilaterality of the EU, traditional religious values (both Christian, Muslim and Jewish), or institutionalized BSR

Commission Euro-Mediterranean Partnership/Barcelona Process website). Hence, while the mandate of the EU in MENA is clear: economic development, observance of human rights, the expansion of education for the region as a whole, but especially with an emphasis to access based on gender equality, the preservation of the environment and the expansion of democratic principles such as through the development of civil society and the establishment of competent and trustworthy institutions, the heterogeneity of the region historically, economically and politically results in an equally heterogeneous implementation of, and receptivity to BSR in MENA within the homogeneity of the EU's approach.

Collective normative action can serve as a self-regulating mechanism in CSR (observed e.g. in Mexico's "complex and ... competitive economic and political environment [which] are challenging the traditional forms of social order consolidated through corporatist and clientelist social coordination mechanisms" (Luna 2004, 333)). The dynamics of CSR in the EMP partially obtain their legitimacy from that of the EU. EMP members are able to address some of their domestic socio-economic issues by utilizing "private resources for public ends" as Turitz and Winder (2005) observe in Latin America. The civil society sector has been identified as a key agent for development and social change in many parts of the world, sustaining financing from civil society organizations is critical in any region. While traditionally charity (often through religious organizations) was a popular route for financing social projects in countries, financing for these has become more diversified and professional today, partially as CSR regulation benefits from economies of scale due to globalization, and partially as intergovernmental agreements such as the Global Compact increase citizen and corporate awareness (and cooperation with CSR). The role of civil society organizations in national development and role of the private sector in addressing persistent social and economic problems increased concomitantly (as Turitz and Winder (2005) observed in Latin America but is expected in MENA as well).

Since this paper is not an intra-region comparative analysis of BSR, the identity and character of grantmakers in MENA per se is not evaluated. However, the uniformity of guidelines emanating from the EU (within the EMP) such as industrial standards, transparency in reporting, preservation of the environment and upholding human rights, the "regional focus" of BSR in MENA would be expected to show greater uniformity than perhaps in the remainder of Africa, in Latin America or in Asia. Contributing to the homogeneity (and hereby effectiveness) of CSR in MENA would be the conformity of BSR programs of MNCs doing business in MENA due to predictability. Nevertheless, the superficial "survey" of BSR in MENA also indicates the effect of the difference in history of each member state, as well as in the current type of government and developmental state overall in each country. Hence the transformative effect of private social investments is by no means completely uniform within MENA. One factor unique to the EU's role in the EMP (in contrast to some philanthropic organizations such as reported in Latin America (Ibid. 271) is that the EMP as an IGO has the legitimacy to address some root causes of societal problems, e.g. by insisting on good governance and supporting effective institution building, as well as representing a "space of trust" [legitimacy?]... where diverse sectors that formerly were unable to work jointly are coming together" (Ibid., 275). This is significant in that the EMP is able to overcome organization fragilities not atypical in other developing regions such as in Latin America (Ibid.).

Payne's characterization (1994) of the business sector as an "adaptive actor" can be applied from her study in Brazil to MENA, and would be considered a desirable to the establishment of BSR in this region, not last "by the desire to avoid worst-case scenarios" (Ibid, 8). This would include development stagnation at the Southern shores of the Mediterranean, education and social developments to be compromised and the economic gap between the EU and MENA to widen, rather than the latter to be able to share and be a pro-active partner in the EMP. As Payne (Ibid., 10) points out, changing contextual factors (such as institutional and value concepts which the EU introduces to MENA) provide traditional actors with different and new options and actors can be

expected to shape their preferences and actions to social norms (e.g. habits, tradition, custom and duty) as well as to *zeitgeist* (a feeling shared across national boundaries that a particular current political or economic system is more desirable or the most questionable)⁶. Similarly to Payne's (2005, 13) observation in Latin America, some socio-cultural defense mechanisms ("collective defense") can be anticipated in MENA, where traditional elites will undertake "maxi-min" calculations ("second-best alternative" calculations to minimize negative outcomes for themselves by weighing between the maintenance of the status-quo and adopting new institutional and social frameworks for economic expansion).

Since the philanthropic activities of NGOs and religious organizations (both Christian, often originating in Europe, Jewish and Muslim) in MENA are not addressed in this paper, their relative weight to BSR within the EMP has not been determined.

Conclusions

The EU's involvement in MENA within the EMP is, i.a., an attempt to reduce the gap between the winners and losers of globalization, and the historical economic gaps between the Northern and the Southern Mediterranean regions. By coordinating their development goals with those of the UN's varying programs (e.g. the Global Compact or the Millennium Development Project), EMP partners have legitimacy rather than operating under a core-periphery or neo-colonialization cloak. Reich however cautions that simply adopting a code is not an indication of behaviour" (Reich 2005, 509). However, in MENA a certain isomorphism between the EU and EMP-based agreed upon rules occurs since MEDA funding is compliance and progress dependent on these rules (in contrast possibly to private (corporate) funding). Hence, BSR in MENA within the multilateral, institutional framework and "guidance" of the EMP provides standards as well as increased transparency by which to monitor compliance – and letting corporations stay one step ahead of regulators (Harvey 2006).

Integrating MENA's economies, export, institutions and reporting standards with those of the EU give the citizens of the Magreb and Mashriq the opportunity share the benefits of globalization on a more equal basis. The EMP would be an intergovernmental mechanism which assists in managing the social consequences of globalization (Held and McGrew 1999, 4). It also "reinforces the sense of an emerging global civilization defined by universal standards of economic and political organization, ... [a] global civilization ... replete with its own mechanism of global governance" (Ibid.). The conditions, such as CSR standards, which facilitate transnational cooperation between peoples are in fact evidence of a global civil society (Ibid., 5) in MENA.

Held and McGrew argue that "governments are not the passive victims of internationalization but, on the contrary, its primary architects" (Ibid., 6). This global isomorphism in economic and socio-political development patterns⁷ between the public and the private spheres, as examined in this paper within the microcosm of the EMP would represent the system level of approaching the EMP from a constructivist standpoint. Constructivists think that "culture matters" in that it is inherently *socially* constructed, not foremost rooted in blood and soil (Reus-Smit 2005, 211) as historical political institutions in MENA represented (ref. Figure 1 above, illustrating the reciprocal "construction" between Agent and Structure, interests and institutions). The EMP agreements represent a certain amount of synchronization with MENA of EU "best practices", in addition to the reciprocal processes within the EMP in establishing

⁶ Compare Talib (2006): "Egypt: Political dynamics between people's demands and regime's restrictions"

⁷ Compare Knight (2006): a Net Impact study in 87 MBA programs in the US and Canada showed that "students surveyed overwhelmingly said that they believed corporate profits and social responsibility could co-exist"

procedures to address the political (security/stability/democratization), economic (development) and socio-cultural agendas and the institutional means to do so⁸, or what some scholars have referred to as “social structures as webs of normative expectation” (author unknown).

In closing I would like to refer to Culter’s (p. 222) caveat that “it is quite simply inadequate, analytically, theoretically, and morally, to leave corporate social responsibility to private governance framed by contested criteria of efficiency (or to US courts)”. Instead the EU, applying not only the experience of a long proven track record of peace building internally, but also the inclusiveness of a democratic approach along a Habermasian communicative dialectic on all public and private levels (local, national and regional) to the development of MENA has articulated an alternative through the institutional framework of the EMP⁹ (agent-structure) which deserves notice in BSR movements globally.

With other words, economic liberalization may loosen the control of authoritarian regimes in MENA and lead to a convergence of all sectors of society (civil society, private industry, government) during the structural changes which the expansion of democracy and free markets bring about. Only by integrating social support in this process will the legitimacy of the political society be accepted by civil society. Buzan and Gonzales-Pelaez (2005, 7) maintain that there

is a widespread position in the English school classics that shared culture [e.g. between the EU and MENA] is an important, perhaps even necessary, underpinning for interstate society... In the European case the link generates the whole concern in the English school literature that the expansion of international society from Europe to the world has weakened it by introducing a dose of multiculturalism that is potentially fatal to shared norms, rules and institutions... However, where identity and society are not in the same space, as in the contemporary problematique of globalization, they might well be antagonistic forces (e.g. nationalist reactions against economic liberalism),

i.e. multiculturalism would reduce the shared norms, rules and institutions when they are in different spaces as they also integrate local customs. This is to be evaluated positively within the EMP which calls for the mutual respect for the culture of its member states within the realm of policy and economic coordination between the regions (EU and MENA).

The alternative to a successful integration of cultures¹⁰ within international society as part of globalization (a la the EU in the EMP) might be the antagonistic scenario in fact currently observed in Lebanon where a terrorist party (Hezbollah) holds parliamentary seats and is hence in a position to address on a national level social needs within the existing culture and hence gain the corresponding legitimacy¹¹. This demonstrates how social and political powers can interrelated in a de-constructive manner. Or in Turner’s language (2006), let Kofi Annan’s words of a “compelling vision of individual rights in a world beset by the greedy and the powerful” not become mere rhetoric^{12 13}.

⁸ Compare a US initiative by the Center for the Study of Islam and Democracy in Washington, D.C., e.g. their monthly lecture series: “Democracy in the Muslim World – Priorities and Strategies”.

⁹ Compare also “European Development Days” (2006), an additional EU initiative symbolizing the EU’s determination to “take action on two pressing matters: enhancing public awareness about development cooperation and strengthening the effectiveness of the European Union’s development assistance”.

¹⁰ Compare Spiegel online (2006) interview with German Islam expert Bassam Tibi: “European have stopped defending their values”

¹¹ Compare also IranMania November 12, 2006: “Iran, Turkey to hold confab on eco cooperation”.

¹² Compare Democracy Watch June-July 2006: “The last ten months have witnessed a remarkable increase in the pervasiveness of responsible democracy, respect of human rights and civil liberties in the Arab World”.

¹³ Mishkin (2006) also warns that the alternative “could be another Great Reversal in which globalization retreats and the world suffers [even greater] political, social and economic upheaval and destruction” in the

absence of institutional reforms (especially in the efficiency of financial systems) in current globalization trends.

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