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Corporate Social Responsibility and Sustainability in the United Arab Emirates

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ABSTRACT

Although there are several studies which focus on the status of corporate social responsibility and sustainability in the Middle East or Arab World, CSR in the United Arab Emirates has not been examined broadly yet. Thus this study set out to fill this gap. To achieve this objective, CSR practices of the 50 largest Emirati companies are investigated based on Whitley's national business systems approach. Several additional questions are answered in this study, such as which sectors stand out with regard to CSR practices or whether there is really a relationship between firm size and CSR practices for Emirati companies. The outcome of this research revealed that the country's political and socio-economic institutions play a central role in shaping the understanding and practice of CSR activities.

Key words: Corporate social responsibility, Sustainability, United Arab Emirates, National Business System Approach, Socio-economic Structure of the UAE, Islamic Values, Philanthropy, Culture, Sustainability Reporting, Annual Reports.

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1. Introduction

The process of globalization has given rise to a new world which is increasingly interconnected. It has caused big shifts in the levels of movement of capital, technology, goods, cultural patterns and even ideas that are incomparable to old times.¹ Now companies, civil society, even governments operate in a new and unfamiliar environment.² The nature of stakeholders has broadened for companies and the way of doing business has changed. Owing to development in transportation and communication, people of the world are living closer to each other. Regional issues have become more and more global and awareness of these issues has increased as information is traded more freely. Humanity is now faced with megatrends such as demographic change, urbanization, climate change and global warming. These trends that emerged in recent decades are prone to create serious problems, which will require innovative solutions. International organizations or governments are unable to solve these issues alone. Thus engagement of the private sector seems to be necessary.³

Corporate social responsibility is a new and maturing concept which aims to produce solutions to these social issues. It is becoming increasingly important especially for multinational companies which have stakeholders across different countries and regions.⁴ The firms are expected to be good corporate citizens and act ethically, which may impose a higher standard than that of the law and this is increasingly seen as the benchmark of acceptability for global firms.⁵ Although society does not necessarily support a company just because it is socially responsible, they do

¹ Verma, M.M., (2011). Power of Peace in the Era of Globalization Concept, Features, Shortcomings and Suggestions. International Conference at India Islamic Cultural Centre, New Delhion. 1-5, P.1. Available at: [http://www.academia.edu/2522560/Power_of_Peace_in_the_Era_of_Globalization - Concept Features Shortcomings and Suggestions](http://www.academia.edu/2522560/Power_of_Peace_in_the_Era_of_Globalization_-_Concept_Features_Shortcomings_and_Suggestions)

² Siemens website, megatrends. Available at: <http://w5.siemens.com/belux/web/en/about/megatrends/pages/megatrends.aspx>
Roland Berger Trend Compendium 2030, megatrends. Available at: http://www.rolandberger.com/media/pdf/Roland_Berger_Trend_Compendium_2030_Trend_1_Demographic_dynamics_20140301.pdf

³ The World Bank Institute, (2007). Corporate Social Responsibility and Corporate Citizenship in the Arab World. Working Paper based on jointly organized conference on November 21-22 in Cairo, Egypt. Available at: http://api.ning.com/files/q6wbYtYM1kBQ*Rk5vtzQ7dh2XGAlunSB*tTnnbbUSGycK7CLDB46PDsYw4FwFI0VHQCXC9VHliYJJaHqt3TpXkD8kCjeUXGv/FinalBackgroundPaper_CSRConference_CairoCopy.pdf

⁴ Salisbury, P., (2012). Corporate social responsibility on the rise? The Gulf business news & analysis. Available at: <http://www.thegulfonline.com/Articles.aspx?ArtID=4715>

⁵ Boston College, Center for corporate citizenship, Carroll school of management. Research brief. Available at: <http://ccc.bc.edu/index.cfm?pageId=2435>

Epstein-Reeves, J., (2010). Consumers Overwhelmingly Want CSR. Forbes. Available at: <http://www.forbes.com/sites/csr/2010/12/15/new-study-consumers-demand-companies-implement-csr-programs/>

tend to avoid the ones which are irresponsible.⁶ Therefore CSR does not always provide financial benefit, nevertheless it is not likely to cause negative effects on financial profit either.⁷

Practice and reporting of CSR are seen as major concerns in developed countries, however it is still not as important in developing part of the world.⁸ Thus, it is very new concept in the Middle East as well as in the United Arab Emirates. The status of CSR in the Arab World or the Middle East has not been researched extensively. For this reason only a few newspaper articles, short reports and very few academic sources with regard to the status of CSR in the United Arab Emirates are available. One of the best research papers regarding this topic was published by Rettab et al. (2009) with the help of the Dubai Chamber and the Emirates Foundation in 2009.⁹ However this work is a very short report which consists of 4 pages rather than an extensive academic study. In this study, it was intended to interview 2000 companies that operate in the UAE, however only 16.7% of the companies participated in the interview. The rest of the businesses were ignored, leaving only those companies which responded, which are more likely to practice and report on CSR, to be taken into consideration. Furthermore, this paper lacks information about the type of the survey, the companies that contributed the research and the form of the CSR activities that are applied by Emirati businesses. Another insightful source regarding CSR in the UAE is the study by Marios et al. (2007). This study also suffers from very similar weaknesses to those that are mentioned above. Additionally the authors do not provide any explanation with regard to the content of the given tables which demonstrate the cumulative answers of the survey and unfortunately it is very difficult to understand. Yet it still reveals very good points regarding environmental awareness and community affairs of Emirati companies.¹⁰

I intend to fill this gap and reveal the status of CSR in the UAE clearly in my research. This study is conducted in two parts, these are: contextual research and quantitative research. In **contextual research**, I will synthesize the articles prepared by various authors regarding definitions of CSR and the status of CSR in the Arab world. After that, the country profile of United Arab Emirates

⁶ Mohr, L., Webb, D., Harris, K., (2001). Do consumers expect companies to be socially responsible? The impact of corporate social responsibility on buying behavior. Vol. 35, Nr. 1. 45-72, P. 69. Available at: <http://nitromart.co.uk/jem/docs/social%20responsibility.pdf>

⁷ Pava, M., Krausz, J., (1996). The Association between Corporate Social-Responsibility and Financial Performance: The Paradox of Social Cost. Journal of Business Ethics. Vol. 15, No. 3. 321-357, P. 348. Available at: <http://www.jstor.org/stable/25072758>

⁸ Al-Khater, K., Naser, K., (2003). Users' perceptions of corporate social responsibility and accountability: evidence from an emerging economy. Managerial Auditing Journal. Vol. 18, Iss. 6/7. 538-548, P.538. Available at: <http://www.emeraldinsight.com/doi/pdfplus/10.1108/02686900310482678>

⁹ Rettab, B., Ben-Brik, A., Mellahi, K., (2009). Corporate social responsibility and corporate governance in United Arab Emirates. Available at: <http://www.emiratesfoundation.ae/Content/resources/CSR%20project%20EXSUMMARY.pdf>

¹⁰ Marios, K., Tor, B., (2007). Corporate social responsibility: an exploratory study in the United Arab Emirates. Vol. 27, Iss. 4. Available at: <http://www.freepatentsonline.com/article/SAM-Advanced-Management-Journal/172908346.html>

will be introduced and Whitley's national business systems approach will be applied to introduce the country's political and socio-economic environment. I will start the second part of the study, which is entitled **quantitative research**, with the introduction of the dataset that is used to conduct the second part of this study. Later on, several regression analyses and tables will be introduced. In the second part I intend to examine the actual CSR practices of Emirati businesses in the field and I try to seek answer for my research questions. Lastly I will sum up my research and findings to conclude.

Research questions and purpose of this study

The main aim of this study is to assess the status of corporate social responsibility in United Arab Emirates. For this purpose I aim to answer three main questions. These are:

- **“Do firm size and sector type play a role in CSR practices of Emirati businesses?”**
- **“Does the country's political and socio-economic environment determine the perception of CSR and the form of CSR practices?”**
- **“Is there a general pattern in applied CSR activities in the UAE?”**

I would like to start out with examining the political and socio-economic environment in the UAE to be able to begin answering these questions.

2. Contextual Research

In this part the political and socioeconomic environment for CSR in the UAE will be discussed. To be able to provide background information about United Arab Emirates, I will initially start with a profile of the country. Subsequently, Whitley's national business systems approach will be applied to the case of United Arab Emirates. Under this model the country's political, cultural, financial, labor and education systems will be discussed in further parts.

2.1 Literature Review

I would like to discuss the contemporary definition of CSR initially. There are numerous definitions of CSR and I want to clarify my perception of CSR to prevent potential confusion with regard to definitions. Later on, CSR in the Middle East and North Africa region will be focused on. Since many of the countries in MENA display similar socio-economic patterns, it is informative to assess the status of CSR in the whole region.

In simple terms, the notion of CSR addresses responsibilities of enterprises for their impacts on society.¹¹ However this is not a standard definition and there is no standard definition for CSR either. Different parties across the world have different understanding of CSR, creating definitional confusion. Besides there is no way to verify whether a certain definition is biased or not.¹² In this part literature regarding definition of CSR will be discussed and definitional confusion will be eliminated, at least within this study.

The notion of CSR is not new, even though it is very frequently mentioned in this decade. This concept emerged in the 20th century, particularly within the previous 50 years. Howard R. Bowen, father of CSR, was the writer who brought the notion of social responsibility into the academic literature for the first time.¹³ Bowen's book is entitled *Social Responsibilities of Businessman* and it discusses the doctrine of social responsibility and criticisms about it, why businessmen are concerned about their social responsibilities and what responsibilities to businessmen may reasonably be expected to have. Bowen defines the notion of social responsibility as "*the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action that are desirable in terms of the objectives and values of our society*".¹⁴

Regarding the definition of CSR, illustrative research was performed by Dahlsrud (2006). In this work 37 distinctive CSR definitions from 27 different authors, covering the time span from 1980 to 2003, are gathered through a literature review. Five dimensions that are mentioned in these 37 different definitions are identified. These dimensions are:

- The stakeholder dimension
- The social dimension
- The economic dimension
- The voluntariness dimension
- The environmental dimension

According to his findings 97% of 37 definitions include at least 3 of these 5 dimensions while 64% mention 4 and 40% of definitions mention all 5 dimensions.

¹¹ Commission of the European Communities, (2011). A renewed EU strategy 2011-14 for Corporate Social Responsibility. 1-15, P.6. Available at: http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr/new-csr/act_en.pdf

¹² Dahlsrud, A., (2006). How corporate social responsibility is defined: an Analysis of 37 definitions. Wiley InterScience. 1-13, P.1. Available at: http://www.mcxindia.com/csr/newsarticle/pdf/csr_news45.pdf

¹³ Crane, A., McWilliams, A., Matten, D., Moon, J., Siegel, D., (2008). The Oxford handbook of Corporate social responsibility. Oxford University Press. 304-323, P.304. Available at: https://www.haas.berkeley.edu/faculty/pdf/vogel_oxford_chapter.pdf

¹⁴ Bowen, H., (1953). Social responsibilities of the businessman. New York: Harper & Row. 1-276, P.3-6.

Besides that, the author identifies the dimensions that are covered by the frequently searched definitions by using frequency counts from Google. His findings reveal that more than 80% of frequently searched definitions include either one of these four dimensions: stakeholder, social, economic or voluntariness. Whereas almost 60% of the definitions include the environmental dimension.¹⁵ Therefore, although there is no standard definition for CSR, it might be expected for a proper definition to include at least some of these five dimensions.

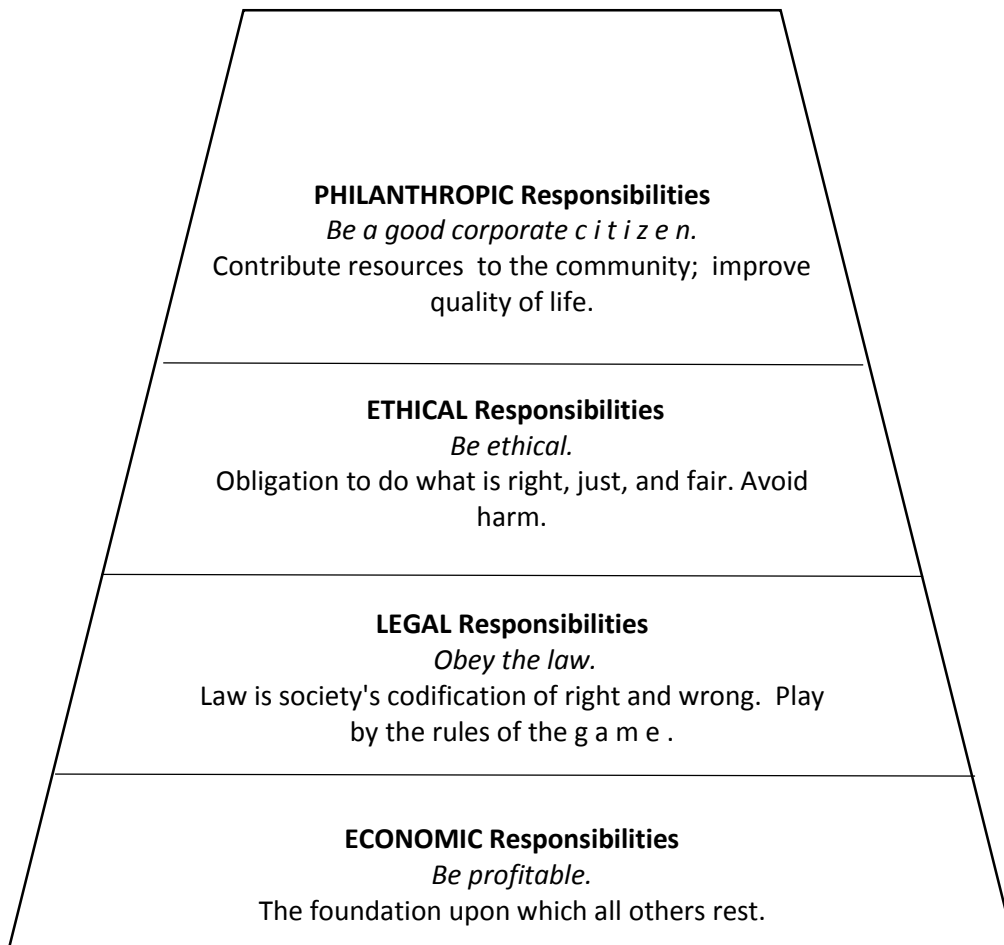
Another study that touched upon the definition of CSR was written by Carroll (1999). In this study Carroll clarifies the evolution of the definitional construct of CSR. The author begins with in the 1950s with the definition of Bowen that was mentioned above and examines the evolution process until the 1990s. According to Carroll, the “modern era” of CSR began in the 1950s and the definitional construct of CSR improved considerably in later stages. In the 1960s and 1970s this improvement continued whereas the notion of CSR became more specific after 1970s. In the 1980s the number of unique definitions relatively slowed down. Moreover, Carroll foresaw that in the 1980s and 1990s focus would be on measurement initiatives of CSR and specific business responsibilities on a global level rather than on the definitional construct.¹⁶

Another important study which belongs to Carroll (1991), on the other hand, does not directly focus on creating a certain definition but it illustrates the aspects that form the concept of CSR. According to this study, CSR consists of four different responsibilities, which are: philanthropic, ethical, legal and economic responsibilities (See Figure 1).

¹⁵ Dahlsrud, A., (2006). How corporate social responsibility is defined: an Analysis of 37 definitions. Wiley InterScience. 1-13, P.4-5. Available at: http://www.mcxindia.com/csr/newsarticle/pdf/csr_news45.pdf

¹⁶ Carroll, A., (1999). Corporate social responsibility: Evolution of definitional construct. Business and Society. Vol:38, No:3. 268-295, Available at: <http://bas.sagepub.com/content/38/3/268.full.pdf+html>

Figure 1: The Pyramid of Corporate Social Responsibility



Source: Carroll, A., (1991). The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders. Business Horizons. Vol:34, Iss: 4. 39-48, P.42.

Profit has always been the main motivation of entrepreneurship, without this economic component CSR wouldn't be long lasting and therefore Carroll locates the economic component to the foundation of his CSR pyramid. Legal responsibilities are entitled as "codified ethics" in Carroll's work. This is the second component of Carroll's pyramid and it implies that businesses must stay inside of the legal frame. Ethical responsibilities are those not codified by law, however still expected to be upheld by society. Ethical and philanthropic responsibilities are relatively more dynamic components CSR since they evolve in time. Therefore ethical responsibilities can be thought of as emerging values. Particularly when we consider globalization and businesses which operates internationally and have very broad stakeholder groups, ethical responsibilities could be a very broad concept. The last layer of Carroll's pyramid is philanthropic responsibilities. This component implies the expectations of society for being a good corporate citizen. Although the

line between ethical and philanthropic responsibilities is blurred there are some differences. According to Carroll, the main difference emerges from the form of the society's expectations. Philanthropic responsibilities are also fed by the expectations of society but society wouldn't regard a certain business as unethical if it doesn't exhibit the desired level of philanthropy.¹⁷

CSR is a social phenomenon, consequently it is difficult to develop a universally accepted, unbiased definition.¹⁸ Therefore I want to apply the broadest definition possible for CSR to the case of the UAE. Since the main aim of this work is to examine the status of CSR in the United Arab Emirates, I don't want to exclude any action by corporations of the United Arab Emirates that is intended as CSR but isn't covered by my definition. The CSR definition from the Commission of the European Communities has the highest frequency count (in Google) and includes all dimensions that are mentioned in Dahlsrud (2006) and Carroll (1991), thus it will be the definition I follow in this study.¹⁹

CSR is defined as; *a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis* by Commission of the European Communities.²⁰

Nonetheless defining CSR is not the main concern for businesses, the real challenge begins when it comes to application of CSR in the field. Companies are expected to understand social construction in a given country in which CSR strategies want to be implemented and businesses need to resolve how to carry out CSR activities while developing business strategies. Due to globalization various stakeholder groups, different government legislation, new expectations and different perceptions of CSR emerge. CSR definitions alone fail to provide necessary guidance about implementing CSR and overcoming these challenges.²¹

The literature regarding the status of CSR across Middle East will be reviewed in following part.

¹⁷ Carroll, A., (1991). The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders. Business Horizons. Vol:34, Iss: 4. 39-48, P.40-42.

¹⁸ Berger, P., Luckmann, T., (1966). The social construction of reality – a treatise in the sociology of knowledge. Penguin books. 1-249, P.210. Available at: <http://perflensburg.se/Berger%20social-construction-of-reality.pdf>

¹⁹ Dahlsrud, A., (2006). How corporate social responsibility is defined: an Analysis of 37 definitions. Wiley InterScience. 1-13, P.7. Available at: http://www.mcxindia.com/csr/newsarticle/pdf/csr_news45.pdf

²⁰ Commission of the European Communities, (2002). Corporate Social Responsibility: A business contribution to Sustainable Development. 1-24, P.3. Available at: http://trade.ec.europa.eu/doclib/docs/2006/february/tradoc_127374.pdf

²¹ Dahlsrud, A., (2006). How corporate social responsibility is defined: an Analysis of 37 definitions. Wiley InterScience. 1-13, P.6. Available at: http://www.mcxindia.com/csr/newsarticle/pdf/csr_news45.pdf

To expect the same level of development regarding corporate social responsibility across the whole MENA would not really be reasonable. However the countries across the Arab world have similar cultural and traditional structures as well as similar preferences.²² Therefore it might be expected that CSR and sustainability activities would progress through the same or similar pattern across the region. For this reason I would like to provide an overview of the region regarding CSR activities in this part and I will focus on the United Arab Emirates throughout further parts.

I would like to start with an insightful article published by Ararat (2006). The author explains the drivers of CSR in the region. According to this study, private companies as well as governments across the region focus on CSR due to liberalization and globalization. The need for improving the international investment environment and comply with international standards, the relationship with the European Union, international business relations, awards and ratings are considered as drivers of CSR in MENA.²³

Beside this, a jointly organized conference which was held in Egypt in 2007 by the World Bank Institute, the Center for International Private Enterprise (CIPE), the Egyptian Institute of Directors, and the Arab Labor Organization revealed that governments across MENA region started to understand the importance of CSR. CSR activities are tools for governments to attract FDI to the region, and even oil-rich, wealthy countries want to attract foreign investment as it is good for enhancing competitiveness and employment facilities. Therefore public-private partnerships (PPP) started to be established. Owing to partnerships established with private multinational firms, governments attract FDI to their own country as well as meeting social targets and improving quality of life of citizens.²⁴ Another significant point that was addressed in the conference was “engagement with youth”. Due to having an unbalanced young population, many countries in the region suffer from very severe youth unemployment rates as well as poor education and sports facilities. Creating meaningful job opportunities, providing better education chances, helping to improve skills and qualifications and lastly ensuring better social facilities for youths across the region constitute very crucial points for MENA region.²⁵

²² Douglas, E., A., (1961). The political usage of “Islam” and “Arab culture”. The Public Opinion Quarterly. Vol. 25, No. 1. 106-114, P. 114. Available at: <http://www.jstor.org/stable/pdf/2746464.pdf>

²³ Ararat, M., (2006). Corporate Social Responsibility Across Middle East And North Africa. The World Bank. 1-16. Available at: [http://www.ecrc.org.eg/Uploads/documents/Articles_CSR%20across%20MENA%20\(1-4\).pdf](http://www.ecrc.org.eg/Uploads/documents/Articles_CSR%20across%20MENA%20(1-4).pdf)

²⁴ The World Bank Institute, (2007). Corporate Social Responsibility and Corporate Citizenship in the Arab World. Working Paper based on jointly organized conference on November 21-22 in Cairo, Egypt. Available at: http://api.ning.com/files/q6wbtYM1kBQ*Rk5vtzQ7dh2XGAlunSB*tTnnbbUSGycK7CLDB46PDsYw4FwFI0VHQCXC9VHliyJJzaHqt3TpXkD8kCjeUXGv/FinalBackgroundPaper_CSRConference_CairoCopy.pdf

²⁵ The World Bank Institute, (2007). Corporate Social Responsibility and Corporate Citizenship in the Arab World. Working Paper based on jointly organized conference on November 21-22 in Cairo, Egypt. Available at: http://api.ning.com/files/q6wbtYM1kBQ*Rk5vtzQ7dh2XGAlunSB*tTnnbbUSGycK7CLDB46PDsYw4FwFI0VHQCXC9VHliyJJzaHqt3TpXkD8kCjeUXGv/FinalBackgroundPaper_CSRConference_CairoCopy.pdf

Lastly political and economic instability is another difficult problem which has been faced by the majority of the countries in the region.²⁶ Many countries across MENA suffer from political instability and corruption.²⁷ This circumstance effects every aspect of the people's social and economic life in MENA. Politic instability discourages multinational companies from investing in the region.²⁸ The local companies alone are not usually large enough to create job opportunities for the whole population and therefore unemployment remains a very severe problem. Besides, without FDI and multinational companies, the region cannot benefit from technology spillover, enhancing competitiveness and economic development. Therefore the majority of the countries are lacking in the integration of their economies with the international economic structure of today's World.

CSR and sustainability have different definitions across the region, and it is perceived differently in MENA than it is understood in other parts of the world. Zahid et al. (2011) and Dartey-Baah (2011) propose that corporate social responsibility is a western developed concept.²⁹ Besides, western CSR theories are not completely applicable to some other regions.³⁰ CSR is a culturally and geographically distinctive concept. People living in different regions may have completely different needs and expectations. Thus different perceptions of CSR across MENA should be acceptable. However the dominant culture and Islamic tradition across the region do not confront or preclude the notion of CSR. On the contrary the Islamic tradition of "Zakat" (giving) and culture of charity encourage CSR activities. Philanthropy is the dominant attitude towards CSR in MENA region.³¹ Nonetheless, CSR activities are usually devoid of long term strategic planning across the Arab world.³²

²⁶ Ararat, M., (2006). Corporate Social Responsibility Across Middle East And North Africa. The World Bank. 1-16, P.7. Available at: [http://www.ecrc.org.eg/Uploads/documents/Articles_CSR%20across%20MENA%20\(1-4\).pdf](http://www.ecrc.org.eg/Uploads/documents/Articles_CSR%20across%20MENA%20(1-4).pdf)

²⁷ Kauffman, D., Kraay, A., Mastruzzi, M., (2003). Governamnce Matters III: Governance Indicators for 1996- 2002. The World Bank Policy Research Working Paper 3106. 1-58, P.45. Available at: <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.195.2165&rep=rep1&type=pdf>

²⁸ Ararat, M., (2006). Corporate Social Responsibility Across Middle East And North Africa. The World Bank. 1-16, P.5. Available at: [http://www.ecrc.org.eg/Uploads/documents/Articles_CSR%20across%20MENA%20\(1-4\).pdf](http://www.ecrc.org.eg/Uploads/documents/Articles_CSR%20across%20MENA%20(1-4).pdf)

²⁹ Zahid, A., Ali, H., (2011). Director's Obligations towards Creditors under the CSR Regime: Common Law Versus Islamic Principles. US-China Law Review. Vol: 8. 981-993, P.981. Available at: www.davidpublishing.com/download/?id=7431

³⁰ Dartey-Baah, K., (2011). Exploring the limits of Western Corporate Social Responsibility Theories in Africa. International journal of Business and Social Science. Vol:2, Iss:18. 126-137, P.126. Available at: http://ijbssnet.com/journals/Vol_2_No_18_October_2011/18.pdf

³¹ Ararat, M., (2006). Corporate Social Responsibility Across Middle East And North Africa. The World Bank. 1-16, P.5. Available at: [http://www.ecrc.org.eg/Uploads/documents/Articles_CSR%20across%20MENA%20\(1-4\).pdf](http://www.ecrc.org.eg/Uploads/documents/Articles_CSR%20across%20MENA%20(1-4).pdf)

³² The World Bank Institute, (2007). Corporate Social Responsibility and Corporate Citizenship in the Arab World. Working Paper based on jointly organized conference on November 21-22 in Cairo, Egypt. Available at: http://api.ning.com/files/q6wbtYM1kBQ*Rk5vtzQ7dh2XGAlunSB*tTnnbbUSGycK7CLDB46PDsYw4FwFI0VHQCXC9VHliyJJzaHqt3TpXkD8kCjeUXGv/FinalBackgroundPaper_CSRConference_CairoCopy.pdf

In upcoming parts, I would like to focus specifically on the United Arab Emirates. The country itself and the socio-economic structure of the country will be introduced firstly and the status of CSR will be introduced in further parts.

3. Country profile of United Arab Emirates

United Arab Emirates consists of seven emirates: Abu Dhabi, Dubai, Sharjah, Umm al Qaywayn, Ajman, Al Fajayrah, and Ras al Khaymah. Abu Dhabi is the biggest emirate and the capital city of the UAE, Abu Dhabi city, is located there. Wealth, population and size among different emirates are distributed quite unequally.³³ Abu Dhabi has 87% of the UAE's entire land area. In addition it is responsible for more than 90% of the oil and gas production as well as generating 60% of the whole GDP. Dubai and Sharjah are the second and the third biggest emirates in the region respectively. Both of these two emirates focus on transportation, port facilities, commerce and manufacturing rather than oil production. The remaining four emirates account for only less than 7% of GDP generated in whole UAE.³⁴ Owing to rich oil and gas reserves, the UAE has enough resources to invest in development of the country.

Historically this region is known as the Pirate Coast since pirates living in this region attack foreign ships. At the beginning of the 19th century Great Britain started to fight against pirates in the region. The main aim of this war was watching over sea trade routes, especially for the East Indian Company. After this combat, British rule came to the region in 1820 with a peace treaty between the British and main sheikhs of the UAE and of Bahrain. These local sheikdoms became known as Trucial Coast. At the end of the 19th century another treaty was signed between those parties since some other European countries were interested in the region and the British wanted to prevent any other agreement between local sheikhs and European countries. By this treaty, British undertook responsibility for the defense of this region. British reigned over Bahrain and Qatar as well as the UAE started from 1892, lasting until they announced that Britain would bring its involvement in this region to an end in 1971. When British military forces withdrew, it was assumed that Bahrain and Qatar would also join the UAE, however these two countries refused to join the UAE and they become independent.³⁵

The UAE controls the south east part of the Arabian Peninsula and it is situated between Oman, Saudi Arabia, the Gulf of Oman and the Persian Gulf. The country has 1318 km borders along the

³³ Heard-Bey, F., (2005). The United Arab Emirates: Statehood and Nation-Building in a Traditional Society. Middle East Journal. Vol. 59, No. 3. 357-375, P.359. Available at: <http://www.jstor.org/stable/4330153>

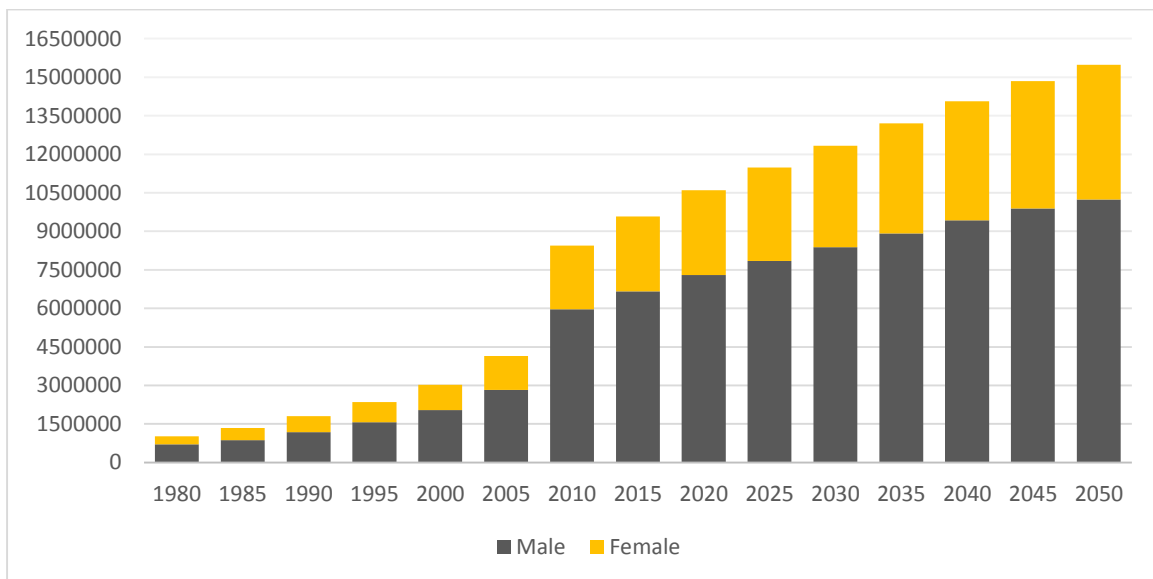
³⁴ Foley, S., (1999). The UAE: Political Issues and Security Dilemmas. Middle East Review of International Affairs. Vol 3, No. 1. 25-45, P.26. Available at: <http://www.rubincenter.org/meria/1999/03/foley.pdf>

³⁵ Foley, S., (1999). The UAE: Political Issues and Security Dilemmas. Middle East Review of International Affairs. Vol 3, No. 1. 25-45, P.26. Available at: <http://www.rubincenter.org/meria/1999/03/foley.pdf>

coastline of the Gulf of Oman and the Persian Gulf. The rainfall is quite low, thus most of the country consists of either salt flat or desert, however there are some mountains, fertile lands and oases in the north and northeast part.³⁶ Oil in the region was first discovered in 1960s and it is the most important natural resources in the UAE.³⁷

Population of the UAE has been growing dramatically. According to estimation of The World Bank, while the population of the UAE was only about 1 million in 1980, it was 1.8 million in 1990, 3 million in 2000, 4.1 million in 2005 and 9.4 million in 2014.³⁸ The population growth was about 5% per year between 1980 until 2000, yet the growth skyrocketed to 14% between 2005 and 2010. Even though this trend is expected to diminish in the future, it will still be positive. Additionally the estimated population for 2050 is 15 million (See figure 2).³⁹

Figure 2: Population by gender



Source: United Nations. The demographic Profile of the United Arab Emirates. Available at: <http://www.escwa.un.org/popin/members/uae.pdf>

³⁶ Foley, S., (1999). The UAE: Political Issues and Security Dilemmas. Middle East Review of International Affairs. Vol 3, No. 1. 25-45, P.25. Available at: <http://www.rubincenter.org/meria/1999/03/foley.pdf>

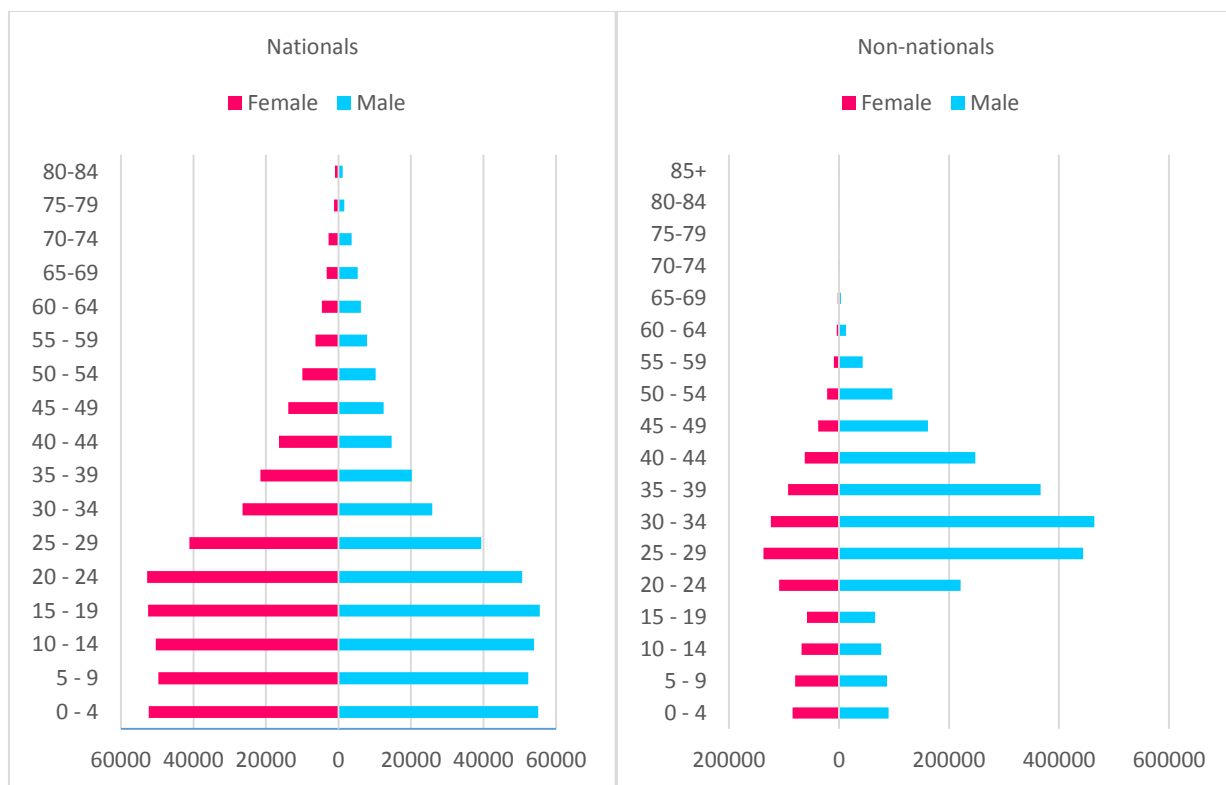
³⁷ Country profile of UAE. Library of Congress – Federal Research Division of US. 1-27, P.1-3. Available at: <http://www.marines.mil/Portals/59/Publications/UAE%20Profile.pdf>

³⁸ The World Bank. Total Population (in number of people). Available at: <http://data.worldbank.org/indicator/SP.POP.TOTL/countries?page=2&display=default>

³⁹ United Nations. The demographic Profile of the United Arab Emirates. Available at: <http://www.escwa.un.org/popin/members/uae.pdf>

Another interesting fact about the UAE is the pattern of its population (See figure 3). Firstly the number of males living in the country drastically outnumbers the number of female population. Furthermore, the share of the young population is very large in the UAE. While median age is 30.1 in general, considering only male population it is 24.5.⁴⁰ The main reasons for these seem to be immigrant workers. Whereas Emiratis compose less than 12% of the whole population, expatriates make up the rest of it.⁴¹ Especially low paid expatriate workers who leave their family in their home country since it is not allowed for them to bring their family to the UAE.⁴² This creates the imbalance in population regarding the gender and age distribution.

Figure 3: Age pyramid of nationals and non-nationals, 2005



Source: UAE National Bureau of Statistics. Population by Age Group 1975-2005. Data available at: <http://www.uaestatistics.gov.ae/EnglishHome/ReportDetailsEnglish/tabid/121/Default.aspx?ItemId=1868&PTID=104&MenuId=1>

⁴⁰ Central Intelligence Agency. Median Age of UAE. Available at: <https://www.cia.gov/library/publications/the-world-factbook/fields/2177.html>

⁴¹ UAE National Bureau of Statistics. Population Estimates 2010. Available at: <http://www.uaestatistics.gov.ae/ReportPDF/Population%20Estimates%202006%20-%202010.pdf>

⁴² Khalaf, S., Alkobaisi, S., (1999). Migrants' Strategies of Coping and Patterns of Accommodation in the Oil-Rich Gulf Societies: Evidence from the UAE. British Journal of Middle Eastern Studies. Vol. 26, No 2. 271-298. Available at: <http://www.jstor.org/stable/195926>

The majority of the foreign workers working in the country come from South and Southeast Asia, with 60% of the whole population. There are foreign workers from other Arabic countries (such as Palestine, Egypt, Jordan, Yemen, and Oman) as well as Iran, Pakistan, India, Bangladesh, Afghanistan, Philippines, and some European countries.⁴³

According to Rugh (1997) the country provides its inhabitants with a “live-and-let-live” environment. There are people from various ethnicities, cultures and religions. Instead of assimilating all these cultures and encouraging its nationals to change, the country provides a respectful environment for Islam and lets other groups practice their own religions, cultures and habits. The Emirati government provides cheap public services (such as medical care, education, subsidized housing etc.) for everyone regardless of their national status. Thus foreigners usually get along with the existing system, if they don’t, they will be deported.⁴⁴ Despite the conservative policies of Emirati leaders, interaction between cultures seems inevitable. There are many non-Arab school teachers and baby sitters that are working in the UAE and it is very likely that they will impact the culture of future generations.⁴⁵

Rugh (1997) affirms that, despite the fact that nationals follow conservative Islamic rule, dress code and tradition, foreign workers in the UAE are not forced to do so. However some facts denying this statement can easily be found in local media and news (such as a dress code campaign to save the culture⁴⁶, a dress-code statement by the UAE London Embassy⁴⁷ and Ramadan dress code⁴⁸ etc.). Therefore creating a respectful environment for Islam seems to be more essential for Emiratis than letting foreigners live according to their own life-style.

Even though the official language is Arabic, English is widely spoken in the UAE. There are people who immigrate to the UAE to work from 200 different nationalities and 100 different languages are spoken among them.⁴⁹ Therefore English constitutes a common ground for many people.

⁴³ Country profile of UAE. Library of Congress – Federal Research Division of US. 1-27, P.5. Available at: <http://www.marines.mil/Portals/59/Publications/UAE%20Profile.pdf>

⁴⁴ Rugh, W., (1997). The United Arab Emirates: What are the sources of stability? Middle East Policy. Vol. 5, Iss.3. 14–24, P.15. Available at:

<http://search.proquest.com/docview/203685337/fulltextPDF/39397D4766C44367PQ/1?accountid=10755>

⁴⁵ Rugh, W., (1997). The United Arab Emirates: What are the sources of stability? Middle East Policy. Vol. 5, Iss.3. 14–24, P.16. Available at:

<http://search.proquest.com/docview/203685337/fulltextPDF/39397D4766C44367PQ/1?accountid=10755>

⁴⁶ Al Arabiya News (2012). Emirati women launch ‘dress code’ campaign to ‘save culture’. Available at: <http://english.alarabiya.net/articles/2012/06/03/218302.html>

⁴⁷ UAE Embassy. What is the most appropriate dress code in public for the UAE? Available at: <http://www.uae-embassy.ae/Embassies/uk/faq's/585>

⁴⁸ Emirates 24/7. Ramadan dress-code: Residents draw the line. Available at:

<http://www.emirates247.com/ramadan/ramadan-dress-code-residents-draw-the-line-2013-07-07-1.513393>

⁴⁹ Randall, M., Samini, M., (2010). The Status of English in Dubai. The International Review of the English Language. Vol.26, Iss.1. 43-50, P.43. Available at: https://www.academia.edu/980622/The_status_of_English_in_Dubai

Although English is predominately used to conduct business, many people use it in daily and social life to communicate as well.⁵⁰

Environmental damage

The UAE is a very rapidly growing country, in the past decades the country has faced rapid urbanization and a population boom, and therefore environmental problems have quickly arisen.

Lack of drinkable water sources and high carbon dioxide production are two major environmental problems in the UAE.⁵¹ The country strikingly produces the 8th highest CO2 emissions per capita in the World (See table 1). On the top of this the UAE suffer from desertification and beach pollution from oil spills.⁵² The country managed to decrease its CO2 emission by 4 metric tons per capita between 2007 and 2011, yet the environment is still one of the most significant fields that requires serious attention in the UAE.⁵³

Table 1: CO2 Emissions by country (metric tons per capita)

Country Name	2007	2008	2009	2010	2011
Qatar	56,6	49,7	45,6	43,0	43,9
Trinidad and Tobago	36,8	35,4	36,5	38,3	37,2
Kuwait	29,4	30,6	30,0	30,4	29,1
Brunei Darussalam	23,7	25,8	21,7	21,5	24,0
Aruba	25,6	24,7	24,9	24,2	23,9
Oman	17,4	14,8	14,4	20,1	21,4
Luxembourg	23,0	22,4	20,9	21,6	20,9
United Arab Emirates	24,0	23,4	21,1	19,9	20,0
Saudi Arabia	15,2	15,9	18,1	19,6	18,7

Source: The World Bank. CO2 emissions. Data available at:

<http://data.worldbank.org/indicator/EN.ATM.CO2E.PC>

⁵⁰ Randall, M., Samini, M., (2010). The Status of English in Dubai. The International Review of the English Language. Vol.26, Iss.1. 43-50, P.47. Available at: https://www.academia.edu/980622/The_status_of_English_in_Dubai

⁵¹ Aldermanoct, L., (2010) Dubai Faces Environmental Problems after Growth. The New York Times. Available at: http://www.nytimes.com/2010/10/28/business/energy-environment/28dubai.html?_r=0

⁵² Central Intelligence Agency. Current environmental issues. Available at: <https://www.cia.gov/library/publications/the-world-factbook/fields/2032.html>

⁵³ Aspinall, S., Environmental Development and Protection in the UAE. 277-304, P.287. Available at: https://www.uaeinteract.com/uaeint_misc/pdf/perspectives/14.pdf

In the next part the national business systems approach developed by Whitney will be applied in order to analyze the political and socioeconomic environment for CSR in the UAE.

4. Whitley's national business systems approach

Whitley (2003) proposes that societal institutions, state agencies and economic policies of the state have impacts on the behavior of economic actors.⁵⁴ So it can be assumed that these factors might be playing a role in the CSR practices of Emirati enterprises. One of the main aims of this study is to reveal whether this assumption is true for the United Arab Emirates or not. Whitley's approach was chosen to be applied, mainly for this reason.

This approach provides a testable method by integrating economic components with sociological perspective on business activities.⁵⁵ Thus it is used as a method to answer different questions. For instance while Amable (2008) identifies heterogeneity of competing capitalisms and business systems,⁵⁶ Haake (2002) examines industry-specific competitiveness,⁵⁷ Habisch et al. (2011) builds a comparative survey of stakeholder dialog in Germany, Italy and the US⁵⁸ and Fifka et al. (2014) examines the status of CSR in Russia⁵⁹ by using the same method. Moreover different authors have slightly different interpretations of Whitney's work. For instance whereas Lundvall (1999) states "*The central concern of business systems approach is to explain international differences in firm organization and firm behavior*"⁶⁰, Amable (2008) indicates "*The main theme of the business systems approach is that differences in societal institutions encourage particular kinds of economic organization and discourage other ones*".⁶¹

⁵⁴ Whitley, R., (2003). How National are Business Systems? The Role of Different State Types and Complementary Institutions in Constructing Homogenous Systems of Economic Coordination and Control. National Business Systems in the New Global Context. Manchester Business School - Research - Working Papers. No. 450. 1-36, P.27. Available at: <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.132.4381&rep=rep1&type=pdf>

⁵⁵ Amable, B., (2008). The heterogeneity of competing capitalisms and business systems. Socio-Economic Review no. 6. 771-784, P.772. Available at: <http://ser.oxfordjournals.org/content/6/4/771.full.pdf+html>

⁵⁶ Amable, B., (2008). The heterogeneity of competing capitalisms and business systems. Socio-Economic Review no. 6. 771-784. Available at: <http://ser.oxfordjournals.org/content/6/4/771.full.pdf+html>

⁵⁷ Haake, S., (2002). National Business Systems and Industry-specific Competitiveness. Organization Studies. 23/5. 711-736. Available at: <http://oss.sagepub.com/content/23/5/711.full.pdf+html>

⁵⁸ Habisch, A., Patelli, L., Pedrini, M., Schwartz C., (2011). Different talks with different folks: a comparative survey of stakeholder dialog in Germany, Italy and the U.S.. J. Bus. Ethics 100. 381-404. Available at: <http://web.b.ebscohost.com/ehost/pdfviewer/pdfviewer?sid=271f9aee-3395-4b29-87e7-a473432ddb4b%40sessionmgr198&vid=1&hid=115>

⁵⁹ Fifka, M., Pobizhan, M., (2014). An institutional approach to corporate social responsibility in Russia. Journal of Cleaner Production 82. 192-201.

⁶⁰ Lundvall, B., (1999). National Business Systems and National Systems of Innovation. International Studies of Management & Organization. Vol. 29, No. 2. 60-77. Available at: http://www.jstor.org/stable/40397443?seq=1#page_scan_tab_contents

⁶¹ Amable, B., (2008). The heterogeneity of competing capitalisms and business systems. Socio-Economic Review no. 6. 771-784, P.771. Available at: <http://ser.oxfordjournals.org/content/6/4/771.full.pdf+html>

While some of the components may strongly favor implementation of CSR activities at the national level, others can vary. Therefore the national business systems approach will be applied to be able to see whole image clearly and evaluate whether or not institutions of the country provide a fertile ground for CSR practices. Elements that are associated with politics, finance, education and labor will be examined in the following part.

4.1 Political System

The existing type of governance in the UAE is the absolute monarchy.⁶² Each of seven emirates in the country has one governor called an Emir. Khalifa bin Zayed bin Sultan Al Nahyan is the Emir of Dhabi as well as the president of the UAE since 1966 and Mohammed bin Rashid Al Maktoum is the Emir of Dubai and the prime minister of the country. The balance of power among Emirs is determined by the wealth of their emirates. Traditionally the Emir of Abu Dhabi serves as president of the UAE since Abu Dhabi composes almost 90% of the country and has the majority of the oil reserves. The Emir of Dubai, which is the second richest emirate, serves as prime minister. However there is no written agreement about this rule.⁶³

In spite of the fact that the UAE's citizens are not able to participate in selecting their government, there is a council which acts similar to a national parliament called Federal National Council (FNC). This Council has 40 members who are appointed by different emirates across the country. While Abu Dhabi and Dubai assign 8 members each, Sharjah and Ras-al Khaymah appoint 6 members each and the other three emirates appoint 12 members in total. The council has no significant power within the government of the UAE.⁶⁴ However it is expected to have a bigger impact in the future.⁶⁵

The UAE has strategic importance since it is endowed with abundant oil and gas reserves. Owing to rich resources, the country has no devastating external or internal debt or the risk of economic complications.⁶⁶ Nonetheless the country has some other problems rather than economic ones. I would like to touch upon some political problems that the UAE face briefly, after that I will continue explaining the government's perception with regard to several areas of CSR.

⁶² Wizarat, T., (1991). Strategies for Conflict Resolution in the Persian Gulf. Pakistan Horizon. Vol. 44, No. 4. 31-39, P.33. Available at: <http://www.jstor.org/stable/41393922>

⁶³ Foley, S., (1999). The UAE: Political Issues and Security Dilemmas. Middle East Review of International Affairs. Vol. 3, No. 1. 25-45, P.27. Available at: <http://www.rubincenter.org/meria/1999/03/foley.pdf>

⁶⁴ Herb, M., (2009). A Nation of Bureaucrats: Political Participation and Economic Diversification in Kuwait and the United Arab Emirates. International Journal of Middle East Studies. Vol. 41, No. 3. 375-395, P.379. Available at: <http://www.jstor.org/stable/40389253>

⁶⁵ Al Wasat-London (Arabic), (1997). United Arab Emirates: 'Youthful Trend' in UAE Parliament.

⁶⁶ Foley, S., (1999). The UAE: Political Issues and Security Dilemmas. Middle East Review of International Affairs. Vol. 3, No. 1. 25-45, P.25. Available at: <http://www.rubincenter.org/meria/1999/03/foley.pdf>

Border disputes are one of the most significant problems that the UEA comes across. The dispute with Iran constitutes the foremost threat to the UAE. Iran and the UAE have been having furious and long-lasting discussions over three Gulf islands: Abu Musa, Lesser Tunbs and lastly the Greater since 1992.⁶⁷ After 20 years of joint control of Abu Musa, Iran, the vastly larger and greater neighbor of the UAE, sent their troops to Abu Musa, Lesser Tunbs as well as the Greater and occupied them.⁶⁸ Since the islands have rich resources as well as an important location in the Gulf, they have strategic importance for both parties. While this dispute disturbs the entire relationship of the UAE with Iran, it also determines the UAE's foreign policy.⁶⁹

The other problem regarding politics is domestic disorganization. In spite of the efforts of Abu Dhabi to keep the UAE unified, there are rivalries and border disputes among emirates. The major one is the problem between Dubai and the central government. Dubai, the second largest Emirate of the UAE, has profitable trade agreements and close ties with Iran and regardless of the benefit or disadvantage to the whole country, it keeps trading with Iran and ignores island disputes. Besides that, Dubai owned its own military force until 1996 and didn't want to integrate theirs to the UAE's military force. These two circumstances reveal Dubai's desire for autonomy.⁷⁰

Another insight that is worth mentioning about politics in UEA is the corruption index published by Transparency International. The UAE was ranked the least corrupted society in the Arab World. It ranked 25th out of 175 nations, while many southern and eastern European countries (such as Italy, Greece, Bulgaria, Slovenia, Hungary, Czech Republic, Slovakia, Poland etc.) showed vastly worse results.⁷¹ The country performs very well in some other indicators such as rule of law and human development indexes as well. Globally, the country ranked 27th and 40th in rule of law and human development index respectively.⁷²

The United Arab Emirates publishes an annual report with regard to the process of social and economic development of the country since 2000. In general the yearbooks contain topics that are associated with economy, infrastructure, environment, sports, society and culture. Particularly under the title of society, culture and environment, topics that are related to CSR and

⁶⁷ Rugh, W., (1997). The United Arab Emirates: What are the sources of stability? Middle East Policy. Vol. 5, Iss.3. 14–24, P.15. Available at:

<http://search.proquest.com/docview/203685337/fulltextPDF/39397D4766C44367PQ/1?accountid=10755>

⁶⁸ Library of Congress – Federal Research Division of US. Country profile of UAE. 1-27, P.22. Available at:

<http://www.marines.mil/Portals/59/Publications/UAE%20Profile.pdf>

⁶⁹ Foley, S., (1999). The UAE: Political Issues and Security Dilemmas. Middle East Review of International Affairs. Vol. 3, No. 1. 25-45, P.30. Available at: <http://www.rubincenter.org/meria/1999/03/foley.pdf>

⁷⁰ Foley, S., (1999). The UAE: Political Issues and Security Dilemmas. Middle East Review of International Affairs. Vol. 3, No. 1. 25-45, P.27. Available at: <http://www.rubincenter.org/meria/1999/03/foley.pdf>

⁷¹ Transparency International. Corruption perception Index 2014. Available at:

<http://www.transparency.org/cpi2014/infographic/global>

⁷² United Nations Development Programme. Human Development Index 2013. Available at:

<http://hdr.undp.org/en/content/table-2-human-development-index-trends-1980-2013>

World justice project. Rule of law index 2015. Available at: <http://data.worldjusticeproject.org/>

sustainability are reviewed. Since yearbooks are published by the Emirati government, they give us trustworthy hints about the government's perception and policy of several CSR related fields. Therefore some parts from the recent Emirati yearbook regarding a variety of CSR topics will be explained in this part as well.

In the traditional Arab world, the general attitude towards women in social and professional life is quite arguable. Therefore female empowerment is one of the most important topics that is covered by the yearbook. Gender inequality index (GII) is addressed and compared with different years and different countries across the World (see Table 2). This index is calculated considering combined loss to achievements in health, empowerment and labor market participation due to gender inequalities.⁷³ In 2012, the UAE ranked 40th out of 187 countries. The UAE's GII score is better than any other country in the Arab World. Additionally, improvement in GII between 2005 and 2010 is quite impressive. Although there is still so much room for further improvements, it shouldn't be ignored that there is inequality between genders in any country in the World and the UAE has a rather good position in this indicator. The Emirati government makes policies that aim to increase the share of women in education, improving health and welfare facilities and reducing the unemployment rate for women.⁷⁴ Some of these policies cause striking statistics, particularly about sectoral distribution of the female workforce in the UAE. Whereas 78.5% of national female citizens that are in the labor force work in either the UAE Federal government or in local governments of different emirates, only 21.5% work in the private sector or have their own business.⁷⁵ Emirati women seem to be given chances to get positions in government to be able to reduce the female unemployment rate in the country. In this way, women utilize exclusive health and security benefits and higher wages relative to the private sector.⁷⁶ All of these factors are prone to improve the gender inequality index (see Table 2). Nonetheless it shouldn't be ignored that in the UAE, the labor force participation rate for women is only 47% and it is still considerably low relative to their male counterparts.⁷⁷

⁷³ United Nations Development Program. Human Development Reports. FAQ, How is the GII calculated. Available at: <http://hdr.undp.org/en/faq-page/gender-inequality-index-gii#t294n117>

⁷⁴ United Arab Emirates Yearbook 2013. 1-266, P.168. Available at: <http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

⁷⁵ United Arab Emirates Yearbook 2013. 1-266, P.170. Available at: <http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

⁷⁶ UAE National Bureau of Statistics. Main Results 2008. Available at: <http://www.uaestatistics.gov.ae/EnglishHome/ReportDetailsEnglish/tabid/121/Default.aspx?ItemId=1863&PTID=104&MenuId=1>

⁷⁷ The World Bank. Labor force participation rate – female. Available at: <http://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS>
United Nations. Labor force participation rate (female-male ratio). Available at: <http://hdr.undp.org/en/content/labour-force-participation-rate-female-male-ratio>

Table 2: Gender Inequality Index

GII Rank	Country	2000	2005	2010	2012
1	Norway	0.105	0.083	0.076	0.065
13	Singapore	-	0.133	0.083	0.101
15	Spain	0.119	0.118	0.113	0.103
19	Ireland	0.204	0.195	0.174	0.121
20	Czech Republic	0.205	0.153	0.136	0.122
27	Korea	-	0.116	0.153	0.106
29	Estonia	0.29	0.242	-	0.158
34	UK	0.228	0.216	0.207	0.205
35	China	0.579	0.225	0.207	0.213
40	United Arab Emirates	0.625	0.602	0.234	0.241
42	USA	-	0.288	0.288	0.256
44	Malaysia	0.311	0.304	0.28	0.256
47	Kuwait	0.581	0.36	0.256	0.274
51	Russia	0.425	0.325	0.329	0.312
57	Ukraine	-	0.357	0.35	0.338
78	Lebanon	-	-	-	0.433
84	Morocco	0.683	0.534	0.498	0.444
85	Brazil	0.516	0.473	0.446	0.447
91	South Africa	0.518	0.507	0.47	0.462
130	Kenya	0.682	0.642	0.606	0.608
145	Saudi Arabia	-	0.685	0.656	0.682

Source: UNDP, HID, UAE yearbook 2013

The country is also one of the biggest donors in the region. Total assistance made to Global Humanitarian Assistance reached \$5.1 billion and this makes the UAE the 18th largest donor over the past decade.⁷⁸ The UAE is also a participant of the Development Assistance Committee of OECD. Middle Eastern and North African countries were major recipients, and particularly Egypt got the majority of the donation made by the UAE in 2013.⁷⁹ Thus the Emirati government seems to be feeling responsible for the development of relatively poor countries in the region. However when it comes to domestic social spending, the Emirati government has a totally different policy. According to the data published by the ministry of social affairs, social spending of the country in 2014 was approximately 2.7 billion Emirati Dirham (Targeted groups are shown in table 3).⁸⁰

⁷⁸ Global Humanitarian Assistance. UAE. Available at:

<http://www.globalhumanitarianassistance.org/countryprofile/united-arab-emirates#tab-home>

⁷⁹ OECD. UAE. Available at: <http://www.oecd.org/dac/dac-global-relations/uae-official-development-assistance.htm>

⁸⁰ UAE National Bureau of Statistics. Social Assistance 2014. Available at:

<http://www.uaestatistics.gov.ae/EnglishHome/ReportDetailsEnglish/tabid/121/Default.aspx?ItemId=2408&PTID=104&MenuId=1>

While 8 out of 24 categories mentioned encompass women in general, foreign residents of the country seems to be targeted as well as national Emiratis. Nevertheless the amount of public social expenditure in the UAE is severely low. The ratio of the social spending to the country's GDP for the same year is only around 2% (considering GDP data published by The World Bank,⁸¹ and public social expenditure data published by UAE National Bureau of Statistics for the same year.⁸²), whereas it is 22% in France, 25.8% in Germany, 19% in US and OECD average is 21.6%.⁸³

Table 3: Total Amounts Spent on Social Welfare Assistance by Type of Case, 2014 (AED)

Type of Case	%	Total
Elderly	32.9	901,240,386
Orphan	2.0	55,808,189
Disabled	10.9	297,294,362
Unknown parents	0.6	16,900,400
Disabled \ Unhealthy	12.6	346,459,989
Low Income	4.6	127,260,085
Widow	7.8	212,722,556
Foreign widow	0.1	1,925,257
Foreign Widow has Orphans	0.9	23,743,984
Abandoned	0.1	2,021,150
Divorced Female under 35 Years	2.7	75,087,576
Divorced Female over 35 Years	11.7	320,527,898
Divorced Foreign Female	2.4	66,063,774
Unmarried Female under 35 Years	1.8	49,053,208
Unmarried Female over 35 Years	1.6	44,542,557
Local Female Married to a Foreigner (for herself)	4.5	121,908,854
Local Female Married to a Foreigner (for herself and her children)	0.9	25,297,376
Family of a Prisoner	1.3	34,442,747

⁸¹ The World Bank. GDP by country 2014. Available at: <http://databank.worldbank.org/data/download/GDP.pdf>

⁸² UAE National Bureau of Statistics. Social Assistance 2014. Available at: <http://www.uaestatistics.gov.ae/EnglishHome/ReportDetailsEnglish/tabid/121/Default.aspx?ItemId=2408&PTID=104&MenuId=1>

⁸³ OECD. Social expenditure. Available at: https://stats.oecd.org/Index.aspx?DataSetCode=SOCX_AGG

Type of Case	%	Total
Married Student	0.0	0
Exception	0.3	7,351,200
Unemployed	0.4	9,845,903
Total	100.0	2,739,497,451

Source: UAE National Bureau of Statistics. Social Assistance 2014. Available at:

<http://www.uaestatistics.gov.ae/EnglishHome/ReportDetailsEnglish/tabid/121/Default.aspx?ItemId=2408&PTID=104&MenuId=1>

Emiratization is a well-known policy of the Emirati government which is extensively applied at the moment and needs to be discussed in this part. It was implemented by the Emirati council of ministers to increase Emirati citizens' employment. Emiratization aims to solve social problems that unable nationals to integrate into working life.

Whereas the unemployment rate for 2009 was only 2.8% for non-nationals, %14 of nationals were unemployed for the same year.⁸⁴ The unemployment rate for nationals raised to 20.8% in 2012.⁸⁵ The problems are seen to be low skills, low experience, low motivation and low fluency in English for the Emirati work force.⁸⁶ Emiratization brings wage subsidies for the private sector and wage restraints for the public sector, quotas and additional charges on unskilled expatriate labor and employment targets for the UAE nationals, particularly in the private sector (for instance a 4% increase of Emirati staff for banking sector or 5% minimum quota for nationals for the insurance industry).⁸⁷ The public sector is easier to apply rapid policies to the Emirati government, therefore Emiratization is quite successful in public organizations. Emirati nationals benefit from higher wages, less working hours and better social facilities in government positions.⁸⁸ Emiratization is perceived as "minority support" by the Emirati government as well as private businesses. Many businesses operating in the country implement Emiratization and they mention it as CSR and sustainability practice in their CSR information. However whether Emiratization might be

⁸⁴ UAE National Bureau of Statistics. Labor Force 2009. Available at:

<http://www.uaestatistics.gov.ae/EnglishHome/ReportDetailsEnglish/tabid/121/Default.aspx?ItemId=1850&PTID=104&MenuId=1>

⁸⁵ Arabian Gazette. More than 20% UAE Nationals are 'Unemployed'. Available at:

<http://www.arabiangazette.com/20-uae-nationals-unemployed-2/>

⁸⁶ Al-Ali, J., (2008). Emiratization: drawing UAE nationals into their surging economy. International Journal of Sociology and Social Policy. Vol. 28, No. 9/10. 365-379, P.375. Available at:

<http://www.emeraldinsight.com/doi/full/10.1108/01443330810900202>

⁸⁷ Al-Ali, J., (2008). Emiratization: drawing UAE nationals into their surging economy. International Journal of Sociology and Social Policy. Vol. 28, No. 9/10. 365-379, P.368. Available at:

<http://www.emeraldinsight.com/doi/full/10.1108/01443330810900202>

⁸⁸ UAE National Bureau of Statistics. Main Results 2008. Available at:

<http://www.uaestatistics.gov.ae/EnglishHome/ReportDetailsEnglish/tabid/121/Default.aspx?ItemId=1863&PTID=104&MenuId=1>

considered as CSR activity is quite controversial. In this study it will be considered as CSR since it is perceived as “minority support” by Emiratis. However I leave further judgment to readers.

Besides Emiratisation, empowerment of women and donations to deprived countries in the region, the UAE’s government assesses being active in various CSR and sustainability fields such as protection of wildlife, sustainable use of sources, reduction of CO2 emission, protection of human rights, improvement of healthcare and education facilities, social expenditure for housing for nationals and lastly protecting national culture. In addition, unlike many countries in the region, the UAE doesn’t suffer from political instability which might jeopardize the functioning of social and economic systems and mitigate CSR activities.⁸⁹ After all, the government of the UAE seems to be aware of vulnerable fields within the country.

4.2 Cultural System

The cultural structure of the UAE will be examined in this part and whether the UAE provides culturally fertile ground for CSR will be resolved. I will initially apply Hofstede’s cultural framework dimensions to the UAE case to introduce the cultural system of the country. Later on, I would like to explain some facts about Islam which affect the culture evidently and which I think encourage people or businesses to engage in CSR actions.

Hofstede’s cultural framework

Hofstede proposes four main dimensions regarding a national culture that he classified as “identity (individualism versus collectivism), power distance (hierarchy), gender (masculinity versus femininity) and truth (uncertainty avoidance versus uncertainty tolerance)”.⁹⁰ Each of these dimensions will be defined in this part and the UAE’s score regarding the corresponding dimension will be given and interpreted in the following paragraphs.

The initial dimension identified by Hofstede is **identity**. One side of this index is individualism and the other one is collectivism. **Individualism** represents a “loosely-knit” social framework. In individualist societies, each individual in the community is seen as very important and the distinction between self and others is usually very sharp. Individuals care for solitary. Both

⁸⁹ Ararat, M., (2006). Corporate Social Responsibility across Middle East and North Africa. The World Bank, First Draft. 1-16, P.5. Available at:

[http://www.ecrc.org.eg/Uploads/documents/Articles_CSR%20across%20MENA%20\(1-4\).pdf](http://www.ecrc.org.eg/Uploads/documents/Articles_CSR%20across%20MENA%20(1-4).pdf)

⁹⁰ Hofstede, G., Pedersen, P., Hofstede, G.J., (2002). Exploring Culture: Exercises, Stories and Synthetic Cultures. Nicholas Brealey Publishing. 1-258, P.91-122. Available at:

<http://site.ebrary.com/lib/erlangen/reader.action?docID=10483593>

genders are expected to be adventurous.⁹¹ On the other hand, according to Hofstede (2001) *“Collectivism stands for a society in which people from birth onwards are integrated into strong, cohesive in-groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty”*.⁹² Collectivist nations care for group harmony. Relationships with friends and family are very important for individuals. Tradition, honor, loyalty, group and family are important concepts. Gender roles are very well defined in such societies, while women are expected to take care of the home as well as provide food and sometimes income, men are expected to spend significant time in the social environment of their work.⁹³ According to Hofstede, the UAE is a highly collectivistic nation with a very low individualism score (25 over 100).⁹⁴

Power distance is a concept in which people are ranked in a series of levels with different status. While equality is important for some societies, some others believe the fact that all individuals in the society are not fundamentally equal. The UAE ranks very high with a score of 90 in this dimension. It implies that hierarchical order is expected by individuals, and without any further justification people are expected to accept their position in it.⁹⁵

In **masculine** societies, winning is important and the distinction between men and women is well defined. Men are supposed to be assertive and macho and individuals tend to argue and criticize. Conflicts are resolved by arguing. Bigger, wealthier, glamorous are perceived as better. The best individuals set the norm. On the other hand **feminine** societies value caring for the weak and modesty. Conflicts are resolved by negotiation and compromise. Notions such as quantity, aggressiveness, assertiveness and size are not perceived as positive.⁹⁶ The UAE scores 50 in this indicator, therefore the country can be considered neither masculine nor feminine.⁹⁷

The last dimension is **uncertainty avoidance**. It is related to the way in which society deals with the thought of the future. In uncertainty avoidance nations, distinction between true and false is always well defined, certainty is preferred over exploration. New ideas are not always well accepted, instead individuals would rather prefer the usual and traditional. While in such nations

⁹¹ Hofstede, G., Pedersen, P., Hofstede, G.J., (2002). Exploring Culture: Exercises, Stories and Synthetic Cultures. Nicholas Brealey Publishing. 1-258, P.94-97. Available at:

<http://site.ebrary.com/lib/erlangen/reader.action?docID=10483593>

⁹² Hofstede, G., (2001). Culture's consequences; comparing values, behaviors, institutions, and organizations across nations. Thousand Oaks, Sage. 1-596, P.225.

⁹³ Hofstede, G., Pedersen, P., Hofstede, G.J., (2002). Exploring Culture: Exercises, Stories and Synthetic Cultures. Nicholas Brealey Publishing. 1-258, P.94-97. Available at:

<http://site.ebrary.com/lib/erlangen/reader.action?docID=10483593>

⁹⁴ The Hofstede Centre. UAE. Available at: <http://geert-hofstede.com/arab-emirates.html>

⁹⁵ The Hofstede Centre. UAE. Available at: <http://geert-hofstede.com/arab-emirates.html>

⁹⁶ Hofstede, G., Pedersen, P., Hofstede, G.J., (2002). Exploring Culture: Exercises, Stories and Synthetic Cultures. Nicholas Brealey Publishing. 1-258, P.101-104. Available at:

<http://site.ebrary.com/lib/erlangen/reader.action?docID=10483593>

⁹⁷ The Hofstede Centre. UAE. Available at: <http://geert-hofstede.com/arab-emirates.html>

women dominate and decide on home, family and children, men are expected to take care of family and women and have occupational qualifications. In uncertainty tolerant nations, individuals do not follow certain rules, they are relatively more open-minded towards new ideas and methods. Gender roles are not well defined and homosexuality is not seen as a threat. Men are not expected to be dominant over women.⁹⁸ The UAE scores 80 and it implies that a high preference is given to avoiding uncertainty.⁹⁹

In brief, according to Hofstede's cultural framework, the extended family and relationships are very important for individuals in the UAE. Individuals are expected to take responsibility for other members of society. People tend to sacrifice to be able to assist each other. Power distance is very high and people are strictly expected to respect hierarchical order. Women are dominant at home and men are dominant at work and traditional models are preferred over discovering new ones.

Culture and Religion

Although I don't want to discuss any rules pertaining to a religion in this study, I am forced to explain some basic Islamic rules since it seems considerably necessary to understand Emirati culture. The Islamic faith constitutes the foundation of social and private life in the UAE and it is unquestionable that culture in the UAE is deeply affected by Islam.¹⁰⁰ The region was converted to Islam in 630 AD and it has been the dominant religion in the region for almost 1400 years.¹⁰¹ Islam affected Arabic culture very deeply during this time period. Regarding the effect of Islam on Emirati culture, Richardson (2002) states that "*Culturally the Emirates represent a stronghold of Muslim-Arab values which drive all aspects of life, as shown in the lack of separation between civil and religious law*".¹⁰² Thus I would like to explain some basic rules of Islam briefly.

Islam has five pillars of ritual practice. This is very important within the religion and all believers are expected to practice all of these rituals without an exception. These rituals are: declaration of

⁹⁸ Hofstede, G., Pedersen, P., Hofstede, G.J., (2002). Exploring Culture: Exercises, Stories and Synthetic Cultures. Nicholas Brealey Publishing. 1-258, P.105-108. Available at:

<http://site.ebrary.com/lib/erlangen/reader.action?docID=10483593>

⁹⁹ The Hofstede Centre. UAE. Available at: <http://geert-hofstede.com/arab-emirates.html>

¹⁰⁰ Angell, N., (1986). Regulation of Business under the Developing Legal System of the United Arab Emirates. Arab Law Quarterly. Vol. 1, No. 2. 119-140, P.120. Available at: <http://www.jstor.org/stable/3381474>

¹⁰¹ United Arab Emirates Yearbook 2013. 1-266, P.10. Available at: <http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

¹⁰² Richardson, P., (2004). Possible influences of Arabic-Islamic culture on the reflective practices proposed for an education degree at the Higher Colleges of Technology in the United Arab Emirates. International Journal of Educational Development. No. 24. 429-436, P.430.

faith, prayers, Zakat, fasting, and finally pilgrimage to Makkah.¹⁰³ Only Zakat and fasting are the rules which are strongly connected to CSR practices in the country. Thus only these two pillars will be explained here. I would like to begin with clarification of Zakat initially.

Zakat proposes that a fixed proportion of wealth is to be given to the poor. It used to be an intermediate of wealth distribution among society in the early period of Islam that was arranged and regulated by government. However today there are different systems regarding regulations of Zakat across the Muslim world. Zakat is mandatory in Libya, Malaysia, Pakistan, Saudi Arabia, Sudan, and Yemen by law, whereas in the United Arab Emirates it is not. In the UAE there are only voluntarily zakat contribution programs that are regulated by the state.¹⁰⁴ Although Zakat is not mandatory, it still provides fertile ground for charity work and social projects. Majumdar (2014) explains how Zakat provides incentive for engaging in CSR in the Muslim World in his study.¹⁰⁵ Barise (2005) discusses how Islam in general, encompassing the notion of zakat, encourages people to take part in social works and philanthropy. According to his work, Islam supports cooperation and unity between different members of society.¹⁰⁶

The other practice which encourages the community to help the poor is fasting. Muslims all over the World do not eat during the daytime during around one month each year and this time interval is called Ramadan. One element of the logic behind this practice is to make wealthy people sympathize with poor ones. During Ramadan charity and generosity are encouraged.¹⁰⁷

Both of these two practices of Islam play important roles in encouraging the community to engage in charitable activities and on the grounds of all factors that are mentioned above, it can be asserted that in the UAE, a reasonably appropriate cultural environment for CSR and sustainability is available.

I will try to conduct quantitative research specifically for the UAE in the upcoming sections and I will try to reveal the impact of zakat on CSR for the case of Emirati businesses. Thus “zakat” will be mentioned again in the last part of quantitative research. But now, I would like to continue with the financial system of the country.

¹⁰³ Barise, A., (2005). Social Work with Muslims: Insights from the Teachings of Islam. Critical Social Work. Vol. 6, No. 2. Available at: <http://www1.uwindsor.ca/criticalsocialwork/social-work-with-muslims-insights-from-the-teachings-of-islam>

¹⁰⁴ Powell, R., (2009). Zakat: drawing insights for legal theory and economic policy from Islamic jurisprudence. University of Pittsburgh Tax Review. Vol. 7, No. 43. 43-100, P.100. Available at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1351024

¹⁰⁵ Majumdar, A., (2014). Zakat, Dana and Corporate Social Responsibility. Jindal Global Law School. 1-14. Available at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2421001

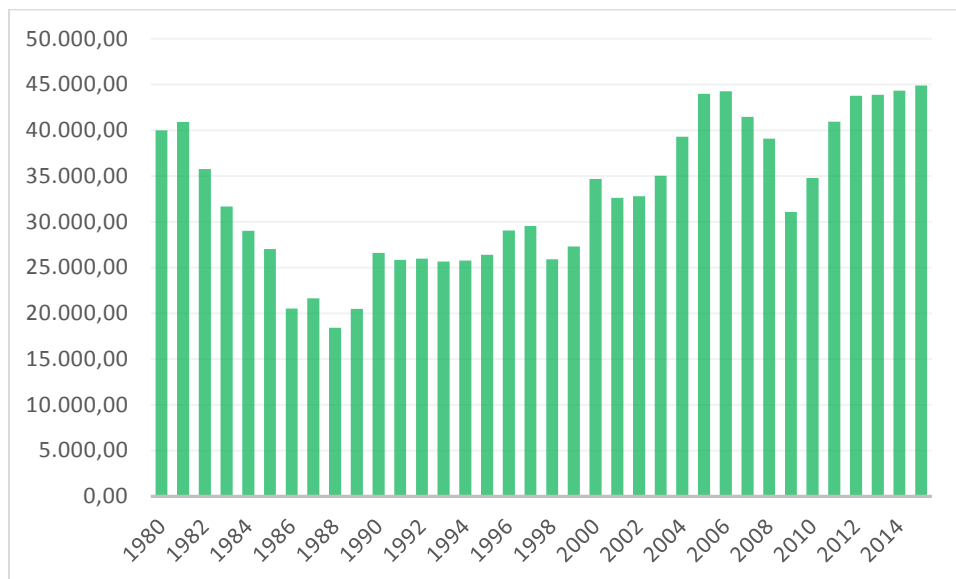
¹⁰⁶ Barise, A., (2005). Social Work with Muslims: Insights from the Teachings of Islam. Critical Social Work. Vol. 6, No. 2. Available at: <http://www1.uwindsor.ca/criticalsocialwork/social-work-with-muslims-insights-from-the-teachings-of-islam>

¹⁰⁷ Muslim.org. Ramadan and its significance. Purpose of fasting in Islam. Available at: <http://www.muslim.org/islam/ramadan.htm>

4.3 Financial System

The UAE is endowed with prosperous capital sources. The country produces almost 2.8 million barrels of crude oil and 153 million cubic meters of natural gas per day.¹⁰⁸ This makes the country the World's fifth largest oil producer, with 3.8 per cent of global production.¹⁰⁹ By way of profitable oil and gas production, the country allows its nationals to sustain high standards of living.¹¹⁰ The UAE ranked 7th globally with regard to GDP per capita.¹¹¹ GDP per capita is expected to be \$44,884 at the end of 2015 which is more than enough to be classified as a "high-income economy" by The World Bank.¹¹² Figure 4 demonstrates GDP per capita over time in the UAE.

Figure 4: Gross domestic product per capita, current prices



Source: IMF. Gross domestic product per capita, current prices. Data available at: <http://www.imf.org/external/pubs/ft/weo/2014/01/weodata/weorept.aspx?sy=1980&ey=2015&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=49&pr1.y=4&c=466&s=NGDPDPC&grp=0&a=#download>

¹⁰⁸ OPEC. UAE figures. Available at: http://www.opec.org/opec_web/en/about_us/170.htm

¹⁰⁹ United Arab Emirates Yearbook 2013. 1-266, P.77. Available at: <http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

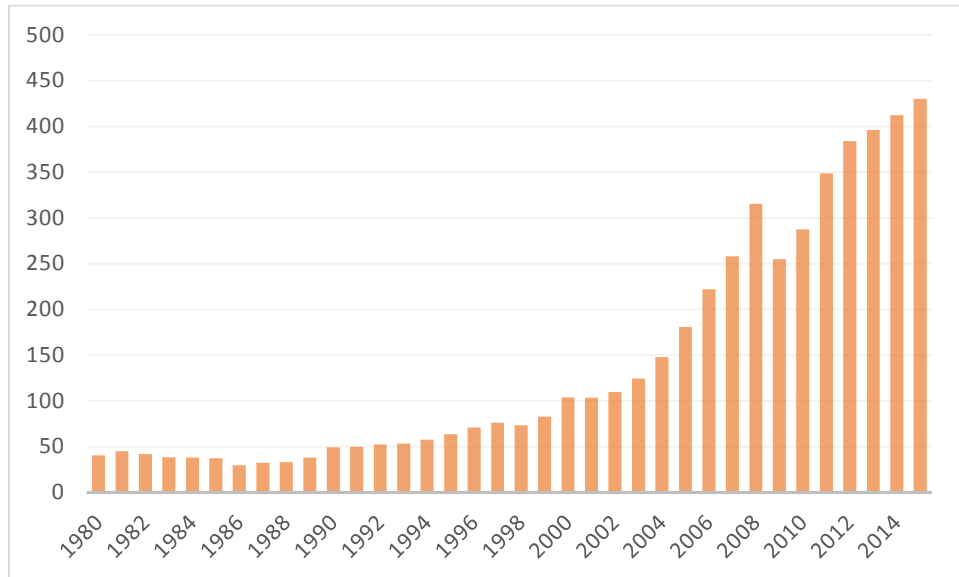
¹¹⁰ William, R., (2007). The United Arab Emirates: What Are the Sources of its Stability? Middle East Policy Vol. 5, Iss. 3. 14–24, P.15. Available at: <http://onlinelibrary.wiley.com/doi/10.1111/j.1475-4967.1997.tb00277.x/epdf>

¹¹¹ IMF. GDP per capita. Data available at: <https://www.imf.org/external/pubs/ft/weo/2015/01/weodata/index.aspx>

¹¹² The World Bank. Income classification. Available at: http://data.worldbank.org/about/country-and-lending-groups#High_income

It is not possible to see GDP growth in this figure since population has been growing rapidly. Figure 5 shows GDP growth by years. It should be mentioned that in the UAE, the growth of GDP is closely tied to increasing amount of petroleum production per day.¹¹³

Figure 5: Gross domestic product, Current prices, U.S. dollars, Billions



Source: IMF. Gross domestic product, Current prices. Data available at:

<http://www.imf.org/external/pubs/ft/weo/2014/01/weodata/weorept.aspx?pr.x=78&pr.y=15&sy=1980&ey=2015&scsm=1&ssd=1&sort=country&ds=.&br=1&c=466&s=NGDPD&grp=0&a=>

Besides GDP, I would like to explain some crucial features of Emirate's economy such as saving rates, FDI, export-import and sectoral distribution of GDP and I would like to briefly introduce the major sectors that are operating in the economy in this section.

The Gross national saving rate is extremely high in the United Arab Emirates. In 2015, the estimated saving rate of the country is 38% of the total GDP which makes the UAE the 9th largest saver in the World (see table 3).

¹¹³ United States Energy Information Administration. Drilling Productivity Report. Available at: <http://www.eia.gov/petroleum/drilling/> and United Arab Emirates Crude Oil Production per Year. Available at: <http://www.indexmundi.com/energy.aspx?country=ae&product=oil&graph=production>

Table 3: Gross national savings, Percent of GDP

Country	2010	2011	2012	2013	2014	2015
Kuwait	52.62	59.51	58.332	55.175	55.813	54.366
Qatar	55.022	61.019	60.783	59.121	56.502	52.266
China	52.229	50.124	51.203	51.389	51.337	51.376
Equatorial Guinea	38.508	39.943	43.286	46.149	41.618	44.82
Saudi Arabia	43.414	50.702	49.514	47.618	46.99	44.364
Singapore	48.185	46.782	45.6	44.866	44.374	44.083
Algeria	49.179	46.075	47.938	45.178	44.132	42.853
São Tomé and Príncipe	25.883	22.14	25.476	30.028	22.504	39.627
United Arab Emirates	28.543	37.572	40.001	40.095	40.567	38.552
Belarus	27.355	29.817	30.848	31.189	36.501	38.29
Norway	35.192	36.876	39.224	38.111	38.186	38.186
Mongolia	27.143	28.028	30.65	29.827	37.256	37.804
Bahrain	35.043	37.727	35.356	39.424	38.463	37.762
Gabon	38.854	44.879	44.226	41.885	39.297	36.545
Nepal	34.629	32.224	38.576	35.059	35.245	35.953
Botswana	29.941	38.486	34.453	36.541	35.25	35.705
Islamic Republic of Iran	47.744	43.855	35.087	39.241	35.919	34.169
Oman	34.203	38.556	35.671	38.062	37.922	33.938
India	34.152	30.829	30.829	30.602	31.323	31.804

Source: IMF. Gross national savings, Percent of GDP. Data available at:

<http://www.imf.org/external/pubs/ft/weo/2013/02/weodata/index.aspx>

Not surprisingly, 11 out of the 15 top countries in this chart have economies based on oil.¹¹⁴ Large capital gains due to oil production allow countries to save more.¹¹⁵ Therefore it can also be deduced for the UAE that oil and gas production is the main reason for their very high saving rates. Besides this, variations in saving rates between years are caused by fluctuation in oil prices.¹¹⁶

The UAE is a big investor as well. The country has invested around \$55 billion to foreign markets in the past three decades. China, India, UK and Saudi Arabia got the largest share of outward investment of the UAE. On the other hand, the country attracts a large share of inward **FDI** as well. While estimated outward FDI was \$2 billion in 2012, the inward FDI was much larger with

¹¹⁴ Forbes, the World's Top-Saving Countries, 2013. Available at:

<http://www.forbes.com/sites/danalexander/2013/11/08/worlds-top-saving-countries-2013/>

¹¹⁵ Al-Khouri, R., Dhade, A., An Effect of Savings reducing Oil Price Volatility and Vulnerability of GCC Economies for Sustainable Economic Growth. 1-15, P.9. Available at: http://www.wbiworldconpro.com/uploads/dubai-conference-2014-april/finance/1398065202_313-Aruna.pdf

¹¹⁶ Svensson, L., (1984). Oil Prices, Welfare, and the Trade Balance Source. The Quarterly Journal of Economics. Vol. 99, No. 4. 649-672, P.652. Available at: <http://www.jstor.org/stable/pdf/1883119.pdf>

\$8.1 billion. According to the UAE's government report the major investors are India, Qatar, Germany, the US, Switzerland, the UK, Saudi Arabia and France.¹¹⁷

The country's **export** and **import** pattern are dominated by oil and gas production as well. Oil and gas exports composed around 40% of total exports in 2011. The second largest source of exports for the UAE is re-export. The UAE is the World's third largest re-export center thanks to having the biggest port in the Middle East; Jebel Ali, trading with 220 different countries across the World.¹¹⁸ Re-export constituted 38% of total export in 2011. In spite of the fact that non-oil export generated only 22% of total export in 2011 the trade balance was positive by 52 billion US dollar.¹¹⁹ Primary imported goods are machinery, transport equipment, chemicals and food.¹²⁰ According to the Emirati government, the five largest export partners are Japan, India, South Korea, Thailand and Singapore, while the largest import partners are India, China, the US, Germany and Japan.¹²¹

Oil and natural gas production generates more than one third of the total gross domestic product (see figure 6). Other than the petroleum industry, the service sector is well developed in the UAE and it produces more than 40% of total GDP generated in the country. This makes services the largest sector in the UAE, while the oil and petroleum industry is the second largest sector considering GDP shares.

¹¹⁷ United Arab Emirates Yearbook 2013. 1-266, P.65-68. Available at:

<http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

¹¹⁸ Government of Dubai. Exporting and Re-exporting from Dubai. Available at:

http://www.dubaided.gov.ae/en/startbusiness/pages/exportingre_exportingfromdubai.aspx

¹¹⁹ United Arab Emirates Yearbook 2013. 1-266, P.60. Available at:

<http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

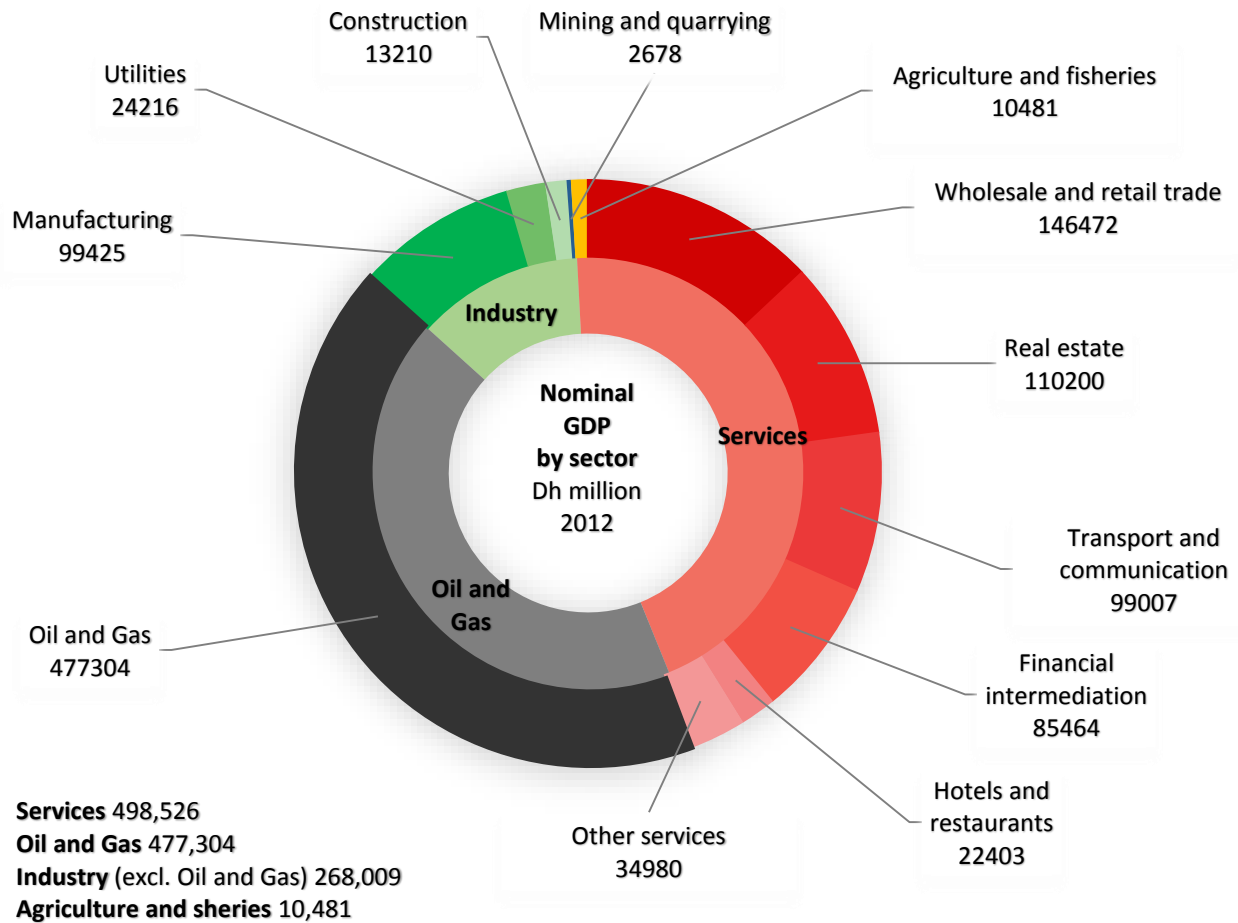
¹²⁰ United Arab Emirates Yearbook 2013. 1-266, P.63. Available at:

<http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

¹²¹ United Arab Emirates Yearbook 2013. 1-266, P.63. Available at:

<http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

Figure 6: Sectoral Distribution of GDP in the UAE



Source: UAE National Bureau of Statistics. Economic Sectors Time Series. Data available at:
<http://www.uaestatistics.gov.ae/EnglishHome/ReportDetailsEnglish/tabid/121/Default.aspx?ItemId=2022&PTID=104&MenuId=1>

To be able to explain the UAE's financial circumstance in detail, I would like to point out a few outstanding sectors.

Banking and Finance

The Emirati central bank was established in 1980 and since then it has been serving the country by controlling gold and currency reserves as well as regulatory policies in the finance sector. Foreign banks were not allowed to operate in the UAE until 2006. The central bank decided to allow foreign banks officially in 2004 and it came into practice in 2006. Right now 28 foreign banks

are operating in the country, besides 23 local banks.¹²² In addition to the central bank and private banks, the country has three different stock exchanges located in Abu Dhabi and Dubai: the Abu Dhabi Securities Exchange (ADX), the Dubai Financial Market (DFM) and NASDAQ Dubai, as well as a financial free zone called Dubai International Financial Centre (DIFC).

Capital to asset ratio in the UAE is quite high compare to other countries. Currently this ratio is around 12%, however it used to be even larger, whereas OECD and Europe average is around 7%.¹²³ This Higher ratio results in banks that operate in the UAE having relatively larger capital and no major problem to access capital sources. Nevertheless the banking industry still faces some challenges in the UAE. Non-performing loans are the biggest problem for Emirati banks. While it was approximately 7% at the end of 2011, it skyrocketed to 23% in a few years. The Central bank of the UAE currently works on risk management measures for local and foreign banks operating in the UAE.¹²⁴

Islamic banking is having a more dominant role in the UAE in recent years. Due to religious reasons many citizens tend to utilize such intermediaries and therefore many local banks as well as foreign banks operating in the region provide Islamic banking services to Emirati citizens.¹²⁵

Oil and Gas

The UAE possesses 97.8 billion barrels of proven oil reserves at the end of 2013. The country has the World's seventh largest oil reserves after Venezuela, Canada, Saudi Arabia, Iran, Iraq, and Kuwait. Besides oil, it has very rich natural gas reserves as well. Total proven natural gas reserves are 6.1 trillion cubic meters. This makes the UAE again the World's seventh largest after Russia, Iran, Qatar, Turkmenistan, US and Saudi Arabia.¹²⁶

Total production of the country's crude oil and natural gas are expected to allow current production to continue around 100 more years if production continues in the future at the same level. However the government runs very large projects to increase oil and gas production, transportation and refining capacity. Crude oil production capacity is aimed to increase to 3.5

¹²² Central Bank of UAE. Commercial Banks. Available at:

http://www.centralbank.ae/en/index.php?option=com_content&view=article&id=117&Itemid=97

¹²³ The World Bank. Bank capital to assets ratio (%). Data available at:

<http://data.worldbank.org/indicator/FB.BNK.CAPA.ZS>

¹²⁴ United Arab Emirates Yearbook 2013. 1-266, P.73. Available at:

<http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

¹²⁵ Library of Congress – Federal Research Division of US. Country profile of UAE. 1-27, P.12. Available at:

<http://www.marines.mil/Portals/59/Publications/UAE%20Profile.pdf>

¹²⁶ International Comparative Legal Duties. United Arab Emirates - Oil & Gas Regulation 2015. Available at:

<http://www.iclg.co.uk/practice-areas/oil-and-gas-regulation/oil-and-gas-regulation-2015/united-arab-emirates>

million barrels per day. This accounts for a roughly 20% expansion considering current production capacity.¹²⁷

While Abu Dhabi owns the largest oil and gas reserves with 95% of the crude oil and 92% of the natural gas reserves in the UAE, other emirates also benefit from this prosperous source by federal budget, grants, and employment opportunities for all of the citizens. Oil income accounts for more than 80% of the government's revenue. Undoubtedly oil and natural gas are the most significant natural resources in the UAE.

Industry

The income generated by oil and gas production is calculated under the title of Industry sector by some sources such as the IMF or The World Bank, however I tried to hold oil and gas production separate from the rest of the industry to be able to reveal the impact of it to the whole economy clearly. The Industrial sector apart from oil and gas production accounted for 12% of total GDP in 2012 (see Figure 6 above). Currently it reached around 15% and the Emirati government aims to reach 25% of total GDP by 2021. Industrial development plays a very vital role in the economic expansion of the UAE.¹²⁸

Metals along with cement and of course petrochemicals as well as plastic production dominate the industrial sector in the UAE. According to the Emirati government the country is one of the biggest steel and aluminum producers in the region. Even though the industry sector is not diversified, there are several developing business branches such as power equipment, food processing, chemicals and electrical machinery.¹²⁹ Textiles and garments used to be important for the country, however due to rising business costs textile production declined sharply.¹³⁰

Transportation and Logistics

Transportation and logistics are well developed and very significant for the UAE's economy. Free trade zones and ports across the country requires transportation and logistics facilities. The country has around 20 ports and seven free trade zones. These free zones have been attracting a massive amount of investment from abroad as free zones offer various advantages for foreign

¹²⁷ United States Energy Information Administration. UAE's report. Available at:

http://www.eia.gov/beta/international/analysis_includes/countries_long/United_Arab_Emirates/uae.pdf

¹²⁸ United Arab Emirates Yearbook 2013. 1-266, P.73. Available at:

<http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

¹²⁹ Ghanem, S. Industrialization in the UAE. 260 – 276, P.262. Available at:

https://www.uaeinteract.com/uaeint_misc/pdf/perspectives/13.pdf

¹³⁰ United Arab Emirates Yearbook 2013. 1-266, P.91. Available at:

<http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

entrepreneurs such as tax benefits or full foreign ownership rights. Owing to these free zones and ports across the country, the UAE is one of the biggest import, export and re-export hubs in the region. The Extensive amount of trade demands transportation and logistics facilities, which are offered quite well by various maritime and aviation companies across the country. The Main services that are provided by various Emirati companies are repairing, maintenance, leasing, overhaul and refit and cargo services for both ships and aircraft. While Emirati ports welcome half of the world's internationally trading tankers twice a year, the two busiest airports; Dubai international airport and Abu Dhabi airport, host 76 million passengers per year.¹³¹

Tourism

The UAE is the most visited tourism location in the Gulf region (see figure 7). The country has a very appropriate environment for sea and coast tourism with 740 km coastline on the Persian Gulf and Gulf of Oman and convenient weather conditions for summer tourism. In 2013, tourism accounted for 8.4% of the UAE's total GDP and one 9.1% of the UAE's total employment.¹³² Tourism plays an important role in the diversification of the economy, and thus the Emirati government aims to double tourist arrivals in the next ten years. More than 15 million tourist arrived in the UAE in 2012, and Dubai alone hosted 10 million out of 15 million tourists.¹³³ The World Travel and Tourism council expects the number of arrivals to increase to 40 million by 2024.¹³⁴ The Emirati government and local governments across the country try to promote and improve holiday elements such as shopping, luxurious hotels and restaurants, sports facilities and of course clean sea and beaches.

¹³¹ United Arab Emirates Yearbook 2013. 1-266, P.92-97. Available at:

<http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

¹³² World Tourism and Travel Council. Travel & Tourism Economic Impact 2014 United Arab Emirates. 1-18, P.1.

Available at: <http://www.wttc.org/->

[/media/files/reports/economic%20impact%20research/country%20reports/united_arab_emirates2014.pdf](http://www.wttc.org/-/media/files/reports/economic%20impact%20research/country%20reports/united_arab_emirates2014.pdf)

¹³³ United Arab Emirates Yearbook 2013. 1-266, P.98-100. Available at:

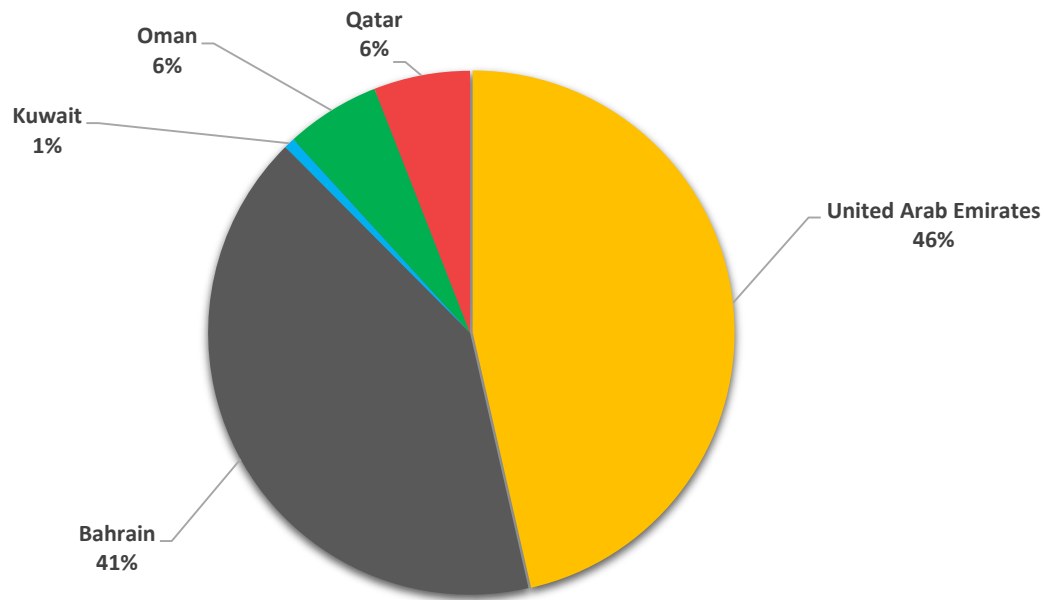
<http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

¹³⁴ World Tourism and Travel Council. Travel & Tourism Economic Impact 2014 United Arab Emirates. 1-18, P.5.

Available at: <http://www.wttc.org/->

[/media/files/reports/economic%20impact%20research/country%20reports/united_arab_emirates2014.pdf](http://www.wttc.org/-/media/files/reports/economic%20impact%20research/country%20reports/united_arab_emirates2014.pdf)

Figure 7: International tourism, number of arrivals in 2005



Source: The World Bank. International tourism, Number of arrivals in 2005. Data available at: <http://data.worldbank.org/indicator/ST.INT.ARVL>

In the next section, I will continue to apply Whitley's national business systems approach with labor and education systems in the country.

4.4 Labor and Education

The Labor system in the UAE is closely linked to the economic structure of the country. As it was mentioned several times so far, despite the small population and land surface, the country has one of the biggest oil and natural gas reserves in the world. Local governments integrate oil income into the economy and make massive investments, causing rapid transformation of the economy and modernization of life. The National population is not sufficient to meet the labor demand of this rapidly growing economy.¹³⁵ However hundreds of thousands of foreign workers are attracted to the country to seek a better life and work opportunities. As a result the country is vastly dependent on a foreign work force. The most current data published by the UAE's national bureau of statistics strikingly reveals that the ratio of non-national workers to national

¹³⁵ Zachariah, K., Prakash, B., Irudaya, Rajan S., (2004). Indian Workers in UAE. Economic and Political Weekly Vol. 39, No. 22. 2227-2234, P.2228. Available at: <http://www.jstor.org/stable/pdf/4415092.pdf>

workers was 91% in 2005.¹³⁶ This comprises the highest percentage in the World.¹³⁷ The Majority of nationals work in the public sector, whereas foreign workers predominately work in the private sector.¹³⁸ With the aim of increasing employment of nationals in the private sector, the UAE's government assures wage subsidies and similar social rights to the nationals that are willing to work in the private sector, as are available to workers working in government, nevertheless the unbalanced ratio so far hasn't changed.¹³⁹ Therefore in this part I will explain specifically the status of foreign workers, rather than national ones.

The Emirati government doesn't believe in the loyalty of naturalized citizens.¹⁴⁰ Therefore, although there are a few exceptions, they do not grant any citizenship right to foreign workers. Foreign workers usually sign a contract before coming to the UAE. Once this contract is signed, workers are not allowed to change their job. Furthermore, all foreign workers are supposed to leave the country as soon as their contract expire or they stop working for any reason.¹⁴¹ While Asian workers form the majority of expatriate workers with more than an 85% share, 63% of expatriate workers come from India and Pakistan. From 1999 on, the Emirati government applied several policies to restrain imbalances in the expatriate labor force by ceasing to accept unskilled worker applications for visas, particularly from south Asian countries, as well as making recruitment of new employee more costly. This government policy regarding expatriate laborers had the result of making the recruitment of unskilled labor expensive and caused a reduction of demand for unskilled workers.¹⁴²

When it comes down to working condition and rights of foreign employees, it is indeed very controversial. According to the Emirati government the rights of foreign workers are protected. Furthermore, the government has been collaborating with the UN since 2013 and trying to apply

¹³⁶ UAE National Bureau of Statistics. Labor Force by Emirates 1975-2005. Available at:

<http://www.uaestatistics.gov.ae/EnglishHome/ReportDetailsEnglish/tabid/121/Default.aspx?ItemId=1865&PTID=104&MenuId=1>

¹³⁷ Rugh, W., (1997). The United Arab Emirates: What are the sources of stability? Middle East Policy. Vol. 5, Iss. 3. 14-24, P.15. Available at:

<http://search.proquest.com/docview/203685337/fulltextPDF/39397D4766C44367PQ/1?accountid=10755>

¹³⁸ UAE National Bureau of Statistics. Main Results 2008. Available at:

<http://www.uaestatistics.gov.ae/EnglishHome/ReportDetailsEnglish/tabid/121/Default.aspx?ItemId=1863&PTID=104&MenuId=1>

¹³⁹ Zachariah, K., Prakash, B., Irudaya, Rajan S., (2004). Indian Workers in UAE. Economic and Political Weekly. Vol. 39, No. 22. 2227-2234, P.2229. Available at: <http://www.jstor.org/stable/pdf/4415092.pdf>

¹⁴⁰ Rugh, W., (1997). The United Arab Emirates: What are the sources of stability? Middle East Policy Vol. 5, Iss. 3. 14-24, P.16. Available at:

<http://search.proquest.com/docview/203685337/fulltextPDF/39397D4766C44367PQ/1?accountid=10755>

¹⁴¹ Zachariah, K., Prakash, B., Irudaya, Rajan S., (2004). Indian Workers in UAE. Economic and Political Weekly. Vol. 39, No. 22. 2227-2234, P.2227. Available at: <http://www.jstor.org/stable/pdf/4415092.pdf>

¹⁴² Zachariah, K., Prakash, B., Irudaya, Rajan S., (2004). Indian Workers in UAE. Economic and Political Weekly. Vol. 39, No. 22. 2227-2234, P.2229. Available at: <http://www.jstor.org/stable/pdf/4415092.pdf>

international human rights standards for its foreign workers.¹⁴³ Nonetheless there are many sources claiming exploitation of foreign workers' rights.

For instance Zachariah K. et al. (2004) conducted a field survey in the UAE with regard to Indian workers working in the UAE. According to the author, despite the fact that the Emirati government provides certain rights for foreign workers, they are not applied in practice. Employers in the UAE need to inform their future employees in advance about wage amount, form of the position and they have to provide some non-wage benefits such as free flight tickets to the UAE and back home. In many cases these contracts are cancelled on arrival to the UAE and new contracts with different conditions are signed. According to the authors' survey 21% of the time workers didn't get the same wage and/or same position, whereas 52% of the time they didn't get some of the non-wage benefits mentioned in their prior contract. The second issue reported by the authors about labor rights in the UAE is the amount of wages for unskilled laborers. Approximately 50% of the Indian workers working in the UAE make less than \$400, whereas more than 20% of them earn less than \$200 per month.¹⁴⁴ GDP per capita was nearly \$40,000 for the same year that research was conducted. Even though the Emirati government doesn't provide any information regarding income distribution within the country and the GINI coefficient for the UAE is not calculated by any organization, it can be easily deduced that income doesn't seem to be distributed equally in the UAE.

Moreover the author indicates that as the majority of foreign workers cannot afford renting a flat alone, 70% of expatriate workers working in the UAE stay in working camps while the rest live in flats and shared flats. In the majority of cases, they have to share the same room. 90% of the time the amount of workers sharing the same room is 4 to 8.¹⁴⁵ In some cases 50-60 people have to share the same toilet and a single kitchen has to be shared by 100 people.¹⁴⁶ Furthermore, these work camps are set up far away from cities.¹⁴⁷ Even though workers work only 8 hours a day, they still start their day very early to be able to get ready on time because of the reasons mentioned

¹⁴³ United Arab Emirates Yearbook 2013. 1-266, P.163. Available at:

<http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

¹⁴⁴ Zachariah, K., Prakash, B., Irudaya, Rajan S., (2004). Indian Workers in UAE. Economic and Political Weekly. Vol. 39, No. 22. 2227-2234, P.2231. Available at: <http://www.jstor.org/stable/pdf/4415092.pdf>

¹⁴⁵ Zachariah, K., Prakash, B., Irudaya, Rajan S., (2004). Indian Workers in UAE. Economic and Political Weekly. Vol. 39, No. 22. 2227-2234, P.2233. Available at: <http://www.jstor.org/stable/pdf/4415092.pdf>

¹⁴⁶ Khalaf, S., Alkobaisi, S., (1999). Migrants' Strategies of Coping and Patterns of Accommodation in the Oil-Rich Gulf Societies: Evidence from the UAE. British Journal of Middle Eastern Studies. Vol. 26, No. 2. 271-298. Available at: <http://www.jstor.org/stable/195926>

¹⁴⁷ Zachariah, K., Prakash, B., Irudaya, Rajan S., (2004). Indian Workers in UAE. Economic and Political Weekly. Vol. 39, No. 22. 2227-2234, P.2233. Available at: <http://www.jstor.org/stable/pdf/4415092.pdf>

above. Briefly most of the unskilled/semi-skilled workers, particularly those who live in work camps, live under unhealthy conditions.¹⁴⁸

Another disappointing fact about the labor system is the suicide level among expatriate workers. As reported by Indian Embassy, about 100 Indian expatriate workers have been committing suicide each year since 2011. The reason is thought to be financial problems as well as long working hours and poor living conditions in working camps.¹⁴⁹

This raises the question: if expatriate workers work in such unhealthy conditions, why do they leave their own country or not try to return home? Even though immigration is the easiest way out of poverty for most of the expatriate workers,¹⁵⁰ there are obviously some other reasons that oppress expatriate workers.

The Initial reason that distresses expatriates is financial problems. Many foreign workers use debt as part of their immigration strategy as it is costly, when the cost of the services of the immigration agency, passport, visa and travel cost are added together. So the abroad experience begins with a significant debt burden for expatriate workers. Another problem is related to initial jobs. Some jobs are difficult and therefore many expatriates quit these jobs as soon as they find a new one. These kind of jobs are given to newcomers since experienced expatriates demand to work in different jobs. This cycle continues even after initial jobs are abandoned, therefore many workers see changing jobs as a survival strategy. So workers have to bear the struggle of trying to look for new positions constantly while working. Beside these two reasons mentioned, some of the workers have to work in more than one job at the same time which makes their life even more difficult. Lastly going through separation from the family is troublesome for expatriate workers. According to law, low paid workers cannot bring families to the UAE. An expatriate worker needs to earn more than 4,000 Emirati Dirham monthly to be able to invite his/her family to the UAE.¹⁵¹

¹⁴⁸ Khalaf, S., Alkobaisi, S., (1999). Migrants' Strategies of Coping and Patterns of Accommodation in the Oil-Rich Gulf Societies: Evidence from the UAE. *British Journal of Middle Eastern Studies*. Vol. 26, No. 2. 271-298, P.292. Available at: <http://www.jstor.org/stable/195926>

¹⁴⁹ The National UAE. 100 Indians have committed suicide in the UAE each year since 2011. Available at: <http://www.thenational.ae/uae/100-indians-have-committed-suicide-in-the-uae-each-year-since-2011>
Gulf News. Number of suicides among Indians in UAE hits 33. Available at: <http://gulfnews.com/news/uae/general/number-of-suicides-among-indians-in-uae-hits-33-1.1033663>
Emirates 24/7. Two more UAE Indians commit suicide taking May total to 6. Available at: <http://www.emirates247.com/news/emirates/two-more-uae-indians-commit-suicide-taking-may-total-to-6-2012-05-21-1.459697>

¹⁵⁰ Griffin, K., (1976). On the migration of the peasantry. In *World Development*. Vol. 4, No. 5. 353-361, P.353. Available at: <http://www.sciencedirect.com/science/article/pii/0305750X76900383>

¹⁵¹ Khalaf, S., Alkobaisi, S., (1999). Migrants' Strategies of Coping and Patterns of Accommodation in the Oil-Rich Gulf Societies: Evidence from the UAE. *British Journal of Middle Eastern Studies*. Vol. 26, No. 2. 271-298. Available at: <http://www.jstor.org/stable/195926>

However most of the time it is not the case, considering average wages for the unskilled and semi-skilled workforce.¹⁵²

Briefly, missing family, knowing that they will never be able to live together as long as they continue working in the country and having no job possibilities at home country create a challenge for expatriates. Alongside of all these factors, the absence of clear rights, tolerating very crowded accommodation as well as other poor living conditions, formal and informal discrimination and very quick and easy deportation impose additional stress upon workers.¹⁵³

Nevertheless the demand for working in the UAE is always very high. Overpopulated East and Southeast Asian countries provide virtually an unlimited and cheap labor force for the UAE. Unfortunately this circumstance seems to be exploited.

The Education system and curricula are highly influenced by Islamic and Arabic culture in the UAE. In the country public and private schools are available for students. Expatriate students were given rights to study in public schools for the first time at the beginning of academic year 2006-2007, whilst before that no expatriate student was admitted to public schools.¹⁵⁴ Thus many expatriate groups opened their own private schools. However the private sector is still growing faster than the public one since many expatriates prefer private schools to meet their cultural and religious needs.¹⁵⁵

Students need to study 12 years in total to be able to attend a university program. The First nine years of this schooling is obligatory, excluding kindergarten. A Four-tier education system is available in the UAE. Early education starts with kindergarten, however it is not obligatory for kids.¹⁵⁶ Children spend 6 years in primary school. From the 7th grade onwards, education is provided in single gender classes in all public schools and some of the private schools.¹⁵⁷ After primary school, students may register at either technical school, which gives 6 more years of

¹⁵² UAE National Bureau of Statistics. Main Results 2008. Available at:

<http://www.uaestatistics.gov.ae/EnglishHome/ReportDetailsEnglish/tabid/121/Default.aspx?ItemId=1863&PTID=104&MenuId=1>

¹⁵³ Khalaf, S., Alkobaisi, S., (1999). Migrants' Strategies of Coping and Patterns of Accommodation in the Oil-Rich Gulf Societies: Evidence from the UAE. *British Journal of Middle Eastern Studies*. Vol. 26, No. 2. 271-298, P.294. Available at: <http://www.jstor.org/stable/195926>

¹⁵⁴ Library of Congress – Federal Research Division of US. Country profile of UAE. 1-27, P.6. Available at: <http://www.marines.mil/Portals/59/Publications/UAE%20Profile.pdf>

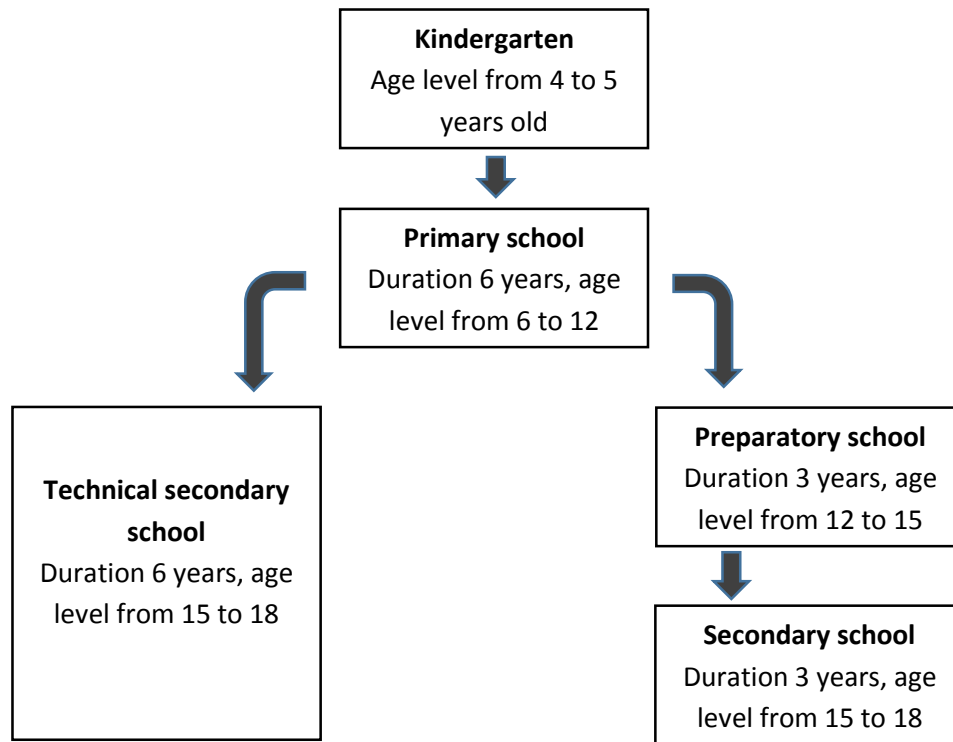
¹⁵⁵ Gaad, E., Arif, M., Scott, F., (2006). Systems analysis of the UAE education system. *International Journal of Educational Management*. Vol. 20, Iss. 4. 291-303, P.293. Available at: <http://www.emeraldinsight.com/doi/pdfplus/10.1108/09513540610665405>

¹⁵⁶ Education council of Abu Dhabi. Kindergarten Education. Available at: <https://www.adec.ac.ae/en/education/oureducationsystem/publicschools/kge/pages/default.aspx>

¹⁵⁷ Gaad, E., Arif, M., Scott, F., (2006). Systems analysis of the UAE education system. *International Journal of Educational Management*, Vol. 20, Iss. 4. 291 – 303, P.293. Available at: <http://www.emeraldinsight.com/doi/pdfplus/10.1108/09513540610665405>

education, or initially preparatory school for 3 years and subsequently secondary school for 3 more years (see Figure 8).

Figure 8: Four-tier education system



Source: Gaad, E., Arif, M., Scott, F., (2006). Systems analysis of the UAE education system. International Journal of Educational Management. Vol. 20, Iss. 4. 291 – 303, P.293. Available at:
<http://www.emeraldinsight.com/doi/pdfplus/10.1108/09513540610665405>

While 299 government schools and 181 private schools are serve society in Abu Dhabi, Dubai has 79 government schools and 148 private schools. Approximately 58% percent of pupils prefer to be educated in private schools although education is free in public schools.¹⁵⁸ Moreover the country has 87 higher education institutions including universities, colleges and institutes. Only 11 out of 87 higher education institutions belong to the government, while the rest of the institutions are private.¹⁵⁹ There are many schools across the country in which curriculums from

¹⁵⁸ United Arab Emirates Yearbook 2013. 1-266, P.175. Available at:
<http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

¹⁵⁹ UAE National Bureau of Statistics. Labor Force by Emirates 1975-2005. Available at:
<http://www.uaestatistics.gov.ae/EnglishHome/ReportDetailsEnglish/tabid/121/Default.aspx?ItemId=2400&PTID=104&MenuId=1>

various countries are taught, such as UK, USA, German, Indian, French and Canada.¹⁶⁰ While the educational language differs between private schools, in public schools education is given mostly in Arabic.¹⁶¹ Assessing and standardizing the educational quality and setting ground rules are quite important since the quality of the education in private schools and private institutions varies. For this purpose, the Knowledge and Human Development Authority (KHDA) was established by the Emirati government. KHDA provides information regarding general assessment and curriculum details for private schools operating in the country.¹⁶²

The general quality of education in the country, however, is quite low. The curriculum, especially in public schools, is highly effected by religion and it is out of date.¹⁶³ Even though education spending accounts for 25% of federal government spending, education spending to GDP ratio is one of the lowest in the world. According to statistics published by the United Nations, public education spending accounted for only 1.3% in 2000, whereas the ratio is 3.2% for countries that belong to the low human development category for the same year. Indeed the UAE ranks 126th together with Ecuador, right above Myanmar and Equatorial Guinea, out of 128 countries that have available data for the same year.¹⁶⁴ Moreover especially national pupils in particular have a very poor grasp of English, which constitutes the main barrier to employment in the future and creates further educational challenges for Emirati students.¹⁶⁵ On the 19th of November 2005, Al-Ittihad daily, one of the most popular newspaper in the UAE, published an article regarding the major problems in the education system of the country. Reported by the newspaper article, the curricula in public schools is thought to be unsuitable, the facilities such as buildings and other educational equipment are in very bad condition, the school culture and discipline are weak and most importantly teachers across the country are poorly paid and unskilled.¹⁶⁶ Nevertheless the Emirati government tries to take necessary steps to enhance education quality across the country. The Government implemented the “Education 2020” plan. According to this plan the education system is assessed in detail every five years. It aims to improve the curriculum step by step, to

¹⁶⁰ Knowledge and Human Development Authority. Private Education Institutions in Dubai. Available at: <http://www.khda.gov.ae/en/DSIB/Reports?isSearched=1>

¹⁶¹ United Arab Emirates Yearbook 2013. 1-266, P.175. Available at: <http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

¹⁶² Knowledge and Human Development Authority (KHDA). See: <http://www.khda.gov.ae/en/>

¹⁶³ Library of Congress – Federal Research Division of US. Country profile of UAE. 1-27, P.7. Available at: <http://www.marines.mil/Portals/59/Publications/UAE%20Profile.pdf>

¹⁶⁴ United Nations Development Programme. Expenditure on education. Public (% of GDP). Available at: <http://hdr.undp.org/en/content/expenditure-education-public-gdp>

¹⁶⁵ Gulf News. Key challenges to Emirati students. Available at: <http://gulfnews.com/news/uae/education/poor-english-lack-of-orientation-key-challenges-to-emirati-students-1.1233707>

¹⁶⁶ Macpherson, R., Kachelhoffer, P., El-Nemr, M., (2007). The Radical Modernization of School and Education System Leadership in the United Arab Emirates: Towards an Indigenized and Educative Leadership. International Studies in Educational Administration. No. 35(1). 1-25, P.2. Available at: [http://www.reynoldmacpherson.ac.nz/publications/Radical%20modernisation%20ISEA%2035\(1\)%202007.pdf](http://www.reynoldmacpherson.ac.nz/publications/Radical%20modernisation%20ISEA%2035(1)%202007.pdf)

reinforce student's English language level, to increase quality of educational materials as well as buildings and classrooms.¹⁶⁷

Within the scope of Whitley's national business systems approach, the political, cultural, financial, labor and educational systems of the UAE have been introduced to be able to assess whether the country provides a fertile environment for CSR practices or not. However, I still think that it is necessary to present the CSR practices of Emirati companies in the field since some of them might go beyond national boundaries with regard to CSR and have different an approach to CSR to the rest of the country. Globalization impacts businesses and causes internationalization of management structure, investment flow and stakeholder groups. These factors are inclined to force multinational companies to act free of the national business system to which they originally belong.¹⁶⁸ For this reason I will conduct quantitative research regarding the actual CSR practices of Emirati enterprises in the next part.

5. Quantitative Research

I will focus on CSR activities applied in the field by the 50 largest Emirati businesses with the purpose of exploring CSR and sustainability activities in the UAE throughout this part. I aim to explore if there is any relationship between the size and industry type of the Emirati businesses and their engagement in CSR practices, which CSR reporting method Emirati businesses use, which stakeholder groups are important for them, which areas of CSR they choose to be active in, how they distribute the CSR investments and lastly which methods are preferred by Emirati companies to conduct CSR practices.

Initially, I would like to start by providing information about data collected to conduct the quantitative research of this study, followed by analysis the data. I will present the results under several titles and I will explain the actual CSR activities of the businesses by presenting them in different tables later on. While these tables are prepared, the study that examines status of CSR and sustainability in Russia by Fifka and Pobizhan was taken as an example.¹⁶⁹

¹⁶⁷ Dubai government. Education 2020. Available at:

http://www.dubai.ae/SiteCollectionDocuments/UAE_Education_Strategy_2020_En.pdf

¹⁶⁸ Whitley, R., (2003). How National are Business Systems? The Role of Different State Types and Complementary Institutions in Constructing Homogenous Systems of Economic Coordination and Control. National Business Systems in the New Global Context. Manchester Business School - Research - Working Papers. No. 450. 1-36, P.28. Available at: <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.132.4381&rep=rep1&type=pdf>

¹⁶⁹ Fifka, M., Pobizhan, M., (2014). An institutional approach to corporate social responsibility in Russia. Journal of Cleaner Production 82. 192-201.

5.1 Research Design and Data Collection

In this study, a scientific tool that is called content analysis was used. Content analysis is defined as “a research technique for making replicable and valid inferences from texts to the contents of their use” by Klaus (2004).¹⁷⁰ I analyzed all available CSR and sustainability information that is in English and published by the largest 50 firms of the UAE. This includes CSR and sustainability reports, annual reports, CSR presentations and all other information found in different forms related to CSR.

The largest 50 firms were selected for several reasons. First of all large companies are more likely to operate internationally and have international stakeholders, thus they have relatively more incentive to engage in CSR activities.¹⁷¹ Secondly, large companies have greater human and capital resources to dedicate to CSR compared to small and medium sized enterprises, and consequently larger firms are more likely to be involved in such practices.¹⁷² Lastly corporate size plays a significant role in information disclosure about the environment, energy, fair trade or community involvement or reporting in general.¹⁷³ Therefore larger companies are more likely to involve in CSR practices and provide more information about it in general.

Overall CSR and annual reports that were made publicly available before June 2015 and CSR information that had been online until July 2015 are considered. Only 67% of the firms that participate in CSR activities published CSR information within the last 2 years, the rest either didn't mention a certain date or the information was older than 2 years. However, regardless of how old the information was, it was always taken into account. In case companies made more than one CSR or annual report publicly available, the most current one is always considered in this study. Even though it is not possible to dedicate space and evaluate the CSR activities of each observation in our sample separately, various tables and figures will be presented to demonstrate main features with regard to CSR practices by categorizing firms according to their industry types and size.

¹⁷⁰ Klaus, K., (2004). Content analysis; an introduction to its methodology. Thousand Oaks (2nd edition). 1-413, P.18.

¹⁷¹ Chapple, W., Moon, J., (2005). Corporate Social Responsibility (CSR) in Asia. *Business & Society*. Vol. 44, No. 4. 415-441, P.438. Available at: <http://bas.sagepub.com/content/44/4/415.full.pdf+html>

Van Tulder, R., Kolk, A., (2001). Multinationality and corporate ethics: Codes of conduct in the sporting goods industry. *Journal of International Business Studies*. Vol. 32, No. 2. 267-283, P.281. Available at: <http://www.jstor.org/stable/pdf/3069560.pdf>

¹⁷² Fifka, M., Pobizhan, M., (2014). An institutional approach to corporate social responsibility in Russia. *Journal of Cleaner Production*. Vol. 82, 192-201. P.195.

¹⁷³ Cowen, S., Ferreri, L., Parker, L., (1987). The impact of corporate characteristics on social responsibility disclosure: a typology and frequency-based analysis. *Account. Organ. Soc.* 12 (2). 111-122, P.121. Available at: <http://www.sciencedirect.com/science/article/pii/0361368287900018>

Morhardt, J.E., (2010). Corporate social responsibility and sustainability reporting on the internet. *Bus. Strategy Environ.* 19. 436-452, P.449. Available at: <http://onlinelibrary.wiley.com/doi/10.1002/bse.657/epdf>

Sample Data

Data used in this study was found from the main pages of Arabian Business.¹⁷⁴ As it can be identified from the name, it is a business website that is concerned with the economies and businesses of some of the Gulf States, more precisely; Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE. You may see the exact names of the sample companies in table 5b. Furthermore the general features and categorization of the sample companies will be presented here.

The list of the companies used in this study is prepared based on market capitalization values. In our sample, the value of market capitalization varies from \$439 million to \$25 billion. On a global scale, Emirati companies are rather small. For instance, there is no firm that has less than a \$130 billion market capitalization value for the 50 largest international businesses.¹⁷⁵ This number is \$95 billion for the largest 50 companies in USA, while for Europe's 50 largest, it is \$44 billion.¹⁷⁶ As you may see on table 3, the sample companies are predominantly in the range of 1 to 10 billion dollars in market capitalization value, with 56% of the companies falling into this category. While 30% of the companies have a smaller than \$1 billion market value, only 14% of them have one larger than \$10 billion.

Table 3: Market capitalization, industry type

	Number of firms in absolute	Number in %
Total	50	
Market capitalization in \$		
> 10 bn.	7	14
1 bn. - 10 bn.	28	56
< 1 bn.	15	30
Industry type		
Financial Services	22	44
Energy	3	6
Other services	12	24
Retail - Real estate & construction	13	26

¹⁷⁴ Arabian Business. Revealed: UAE's top 50 companies. Accessed on 01.07.2015. Available at:

<http://www.arabianbusiness.com/photos/revealed-uae-s-top-50-companies-539053.html?img=1>

¹⁷⁵ PWC. Global Top 100 Companies by market capitalization. Available at: <http://www.pwc.com/gx/en/audit-services/capital-market/publications/assets/document/pwc-global-top-100-march-update.pdf>

¹⁷⁶ iWEBlist. U.S. Commerce – Stock Market Capitalization of the 50 Largest American Companies. Available at: <http://www.iweblists.com/us/commerce/MarketCapitalization.html>

PWC. Top 100 companies Europe and Germany. Available at: <http://www.pwc.de/de/kapitalmarktorientierte-unternehmen/assets/healthcare-und-pharma-werte-sind-bei-anlegern-besonders-gefragt.pdf>

With regard to industry types, the largest 50 businesses in the UAE are not so diversified. The majority of the enterprises engage in financial services and banking. The second biggest share belongs to retail and real estate with 26%. While 24% of them engage in other services, only 6% of the largest 50 companies operate in the energy sector. Enterprises that are categorized under “other services” are engaged in subsectors such as healthcare, insurance, telecommunication and transportation. For the sake of simplicity, all these branches are categorized under one title.

5.2 Analysis of Data

The majority of the 50 largest businesses in the UAE have been involved in some sort of CSR practice and published information about them. I have collected approximately a thousand pages of CSR information in total. I noticed that the extent and the quality of the CSR reports truly varies. While some businesses issued hundreds of pages, well-prepared and comprehensive reports, some others mentioned only a few pages of information on their website. Unsurprisingly, it is not possible here to focus each company. However, as was mentioned earlier, I will categorize the results of my research under different titles and tables and highlight the most significant parts and features of this CSR and sustainability information in further parts. I will seek to answer my initial research question in this study before examining the CSR activities in detail.

Regression Analysis

The initial curiosity which made me to conduct the regression analysis was the question of whether firm size and sector type play a role in the CSR practices of the sample Emirati businesses. Although there are sources which assert the existence of this relationship directly or indirectly (such as Chapple et. al (2005),¹⁷⁷ Fifka et al. (2014),¹⁷⁸ Cowen et al. (1987).¹⁷⁹), I wonder if it is true within the 50 largest Emirati enterprises as well. Briefly I intend to check if larger Emirati firms really devote greater resources to engage in CSR and to reporting of CSR. To be able to answer these questions, I will conduct several regression analyses. You may find outcomes of all analyses in the appendix.

¹⁷⁷ Chapple, W., Moon, J., (2005). Corporate Social Responsibility (CSR) in Asia. *Business & Society*. Vol. 44, No. 4. 415-441, P.438. Available at: <http://bas.sagepub.com/content/44/4/415.full.pdf+html>

Van Tulder, R., Kolk, A., (2001). Multinationality and corporate ethics: Codes of conduct in the sporting goods industry. *Journal of International Business Studies*. Vol. 32, No. 2. 267-283, P.281. Available at: <http://www.jstor.org/stable/pdf/3069560.pdf>

¹⁷⁸ Fifka, M., Pobizhan, M., (2014). An institutional approach to corporate social responsibility in Russia. *Journal of Cleaner Production*. Vol. 82, 192-201. P.195.

¹⁷⁹ Cowen, S., Ferreri, L., Parker, L., (1987). The impact of corporate characteristics on social responsibility disclosure: a typology and frequency-based analysis. *Account. Organ. Soc.* 12 (2). 111-122, P.121. Available at: <http://www.sciencedirect.com/science/article/pii/0361368287900018>

The first regression that I conducted is a linear regression between the market capitalization value of the sample companies and length of the CSR information published by them (see Model 1 in appendix). The test is statistically significant according to a 1% significance level. Additionally it reveals that there is a positive relationship between firm size and length of the CSR reports. However the coefficient of market capitalization seems to be very low. For each billion dollar increase in market capitalization there is only a 3 pages increase in the length of the CSR reports. There are several firms in the sample which are relatively small and rank at the bottom part of the largest 50 companies (Such as 30th Aramex, 40th RAK Ceramics and 50th Tabreed), nevertheless these firms issued surprisingly long reports. On the other hand 15 out of the top 25 companies have published relatively short reports with less than 10 pages. This feature of the sample seems to weaken the coefficient. Obviously after a certain level, firm size does not play a crucial role in CSR practices.

However the first regression analysis will bring up another question; is it really true to measure the quality of the reports by their length? To be able to support my inference from model 1, I would like to test if longer CSR reports imply higher quality and comprehensiveness as well. I assume that in a comprehensive CSR report, the aim would be to cover more stakeholder groups as well. Therefore each stakeholder group will be taken as dummy variables into the model and regressions between the length of the reports and stakeholders considered will be made. The next seven binary logistic regressions are conducted to analyze whether longer reports really consider more stakeholders (see Model 2 – Model 8 in appendix). All coefficients are positive as expected and all of the tests are statistically significant according to a 1% significance level. Coefficients of these models imply the possibility of CSR information covering certain stakeholder group by a unit increase in length of CSR information. Constants should be taken into consideration as well. In all cases constants are negative, meaning a certain report is more likely to cover the stakeholder group after it reaches certain length. For instance, the value of constant is -2.04691 and coefficient is 0.523144 in model 3. The outcome of this model proposes that a certain CSR report becomes roughly 50% more likely to mention customers as a stakeholder group in each additional page after it reaches the length of 4 pages. In short there is a strong positive relationship between the length of the CSR reports and number of stakeholders that are mentioned. Each unit increase in the number of pages seems to correlate positively with the possibility that the CSR reports covering an additional stakeholder group. This verifies the assumption that was made in the first model and suggests that longer reports are generally more comprehensive.

Lastly I wonder whether or not some industries perform better regarding CSR than others. The regression between industry types and the length of CSR information of the sample businesses will be set up to answer this question. For the next four binary logistic regression models, the dependent variable is always the length of the CSR information and the independent variables

are industry types as dummies. There are four different industry categories, thus four different regressions are conducted. These four industry types will be, respectively: other services, financial services, retail - real estate & construction and lastly energy (see Model 9 – Model 12 in appendix). Except for Model 9 the analyses are **not** statistically significant. The only statistically significant test, Model 9, is the outcome of the binary logistic regression analysis between “other services” as independent dummy variable and the length of CSR information as dependent variable. The coefficient of services sector is 1.09215, meaning if a company belongs to this sector type, the CSR information of it is likely to be slightly longer. It is actually what I expected after going through all the CSR information published by the 50 largest Emirati businesses. Only a majority of the firms that belong to the “other services” have really detailed and broad CSR information, whereas the rest of the sectors don’t stand out in any CSR related field. I will also demonstrate CSR practices of all these four sectors in further tables.

As a consequences, strategies across different sectors and of differently sized businesses impact the behavior of businesses with regard to CSR for Emirati businesses. Regression analysis conducted in this study proved that there is positive relationship between firm size and CSR actives however this relationship seems to be weak when companies reached a certain size. Furthermore the services sector comes to prominence with regard to CSR practices.

In next section I will analyze the reporting media that Emirati businesses prefer to use when they publish CSR related information.

CSR Reporting

The research that was done in this study is based on all CSR related publications of the 50 largest Emirati businesses. In our sample, 37 out of 50 companies engaged in CSR activities and issued CSR information in some way. Three different reporting media were observed in general. These are: annual reports, CSR and sustainability reports and CSR sections on the homepages of companies. Except from these three media mentioned, a few firms provided some CSR information by means of some unfamiliar, downloadable presentations and documents. These were also counted under the title of CSR sections on the homepage since the form of these documents is not similar to annual and CSR reports, and they were published just once, not annually.

Table 4: Reporting method, International reporting standards

	Existence of CSR section on homepage	Existence of CSR section in annual report	Publication of a CSR report	No CSR activity	UN Global Compact	GRI
Total	81	76	32	26	16	27
Market capitalization in \$						
> 10 bn.	100	57	43	0	29	43
1 bn. - 10 bn.	43	71	33	25	19	29
< 1 bn.	67	67	22	40	0	11
Industry type						
Financial Services	81	81	25	27	13	19
Energy	100	67	33	0	0	33
Other services	82	82	45	8	36	36
Retail - Real estate & construction	100	29	29	46	0	29

*All numbers as percentages

*All percentages calculated with respect to the companies that issue CSR information in any way. However when “No CSR Activity” is calculated, all firms in the sample are considered. (For instance; while 26% of the firms in our whole sample ($n=50$) don’t provide any CSR information, 32% of the firms that provide CSR information in some way ($n=37$) issue a CSR report.

You may find all the information regarding the reporting methods and reporting standards in table 4. However I would like to discuss a few interesting insights about it.

As it was mentioned before, 37 out of the 50 largest companies engage in CSR activities. This is equal to 74% of the total sample. Besides, whereas 76% of the companies that engage in CSR practices in some way use annual reports as their reporting method, only around one third of them issue a CSR report. So the majority of the companies do not issue an annual CSR report yet they prefer to use some other reporting media. Gathering information and publishing an annual report needs labor and capital resources.¹⁸⁰ Therefore publishing meaningful and comprehensive CSR reports is costly. For this reason while more than 40% of the companies that have more than a \$10 billion market capitalization value issue an annual CSR report, this ratio is only 22% for those

¹⁸⁰ Fifka, M., Pobizhan, M., (2014). An institutional approach to corporate social responsibility in Russia. *Journal of Cleaner Production*. Vol. 82. 192-201, P.195-196.

enterprises with less than a \$1 billion market capitalization. Moreover, while only 60% of the firms that have less than a \$1 billion market share engage in CSR, all of the companies with more than a \$10 billion market capitalization value provide CSR information by some means.

When sample companies are separated according to their industry types, the services industry stands out. While 82% of the businesses in this industry engage in CSR activities, almost half of them issue an annual CSR and sustainability report. Furthermore, this industry applies international reporting standards for CSR better than the other three industry types in our sample.

In general, the UN Global Compact is mentioned by 16% and GRI is mentioned by 27% of the companies in the sample. Obviously the majority of the Emirati companies do not follow international reporting standards. These ratios are 29% for UN Global Compact and 43% for GRI, for the firms which have more than a \$10 billion market capitalization value. The larger the businesses get, the more attention they pay for international standards within the sample. Larger companies have not only larger resources to ensure international standards but they also have to face with diverse stakeholder groups from different regions, which is more likely to force them to meet international standards. Thus the relationship between size and international reporting standards is as expected.

It should also be mentioned that there are only three companies operating in the energy sector. It represents a small portion of our sample. The impact of a single firm on the statistics of the whole industry is quite high and therefore this industry type reveals relatively more fluctuations than other industry types. This should be taken into consideration when one compare this sector with others, for this table as well as the following tables.

Stakeholders considered

The stakeholders that are considered by Emirati companies are examined in order to elucidate the general patterns of the most essential stakeholder groups for Emirati businesses. Seven different stakeholder groups are investigated in this part, these are: employees, costumers, government, NGOs, community, shareholders and lastly suppliers. Two different tables will be presented in this section. While Table 5a indicates cumulative results, table 5b will show results for each company separately in the sample.

My research reveals that even though all of the stakeholder groups are considered to a certain level, some stakeholder groups are prioritized over others by Emirati enterprises. Unsurprisingly, the community is the most mentioned stakeholder group among the 50 largest Emirati businesses. As mentioned before, the UAE is a collectivist country and thus the notion of

community is quite influential within Emirati culture.¹⁸¹ Almost nine tenth of the businesses see community as one of their stakeholder groups and produce CSR policies towards it. Beside this, employees seem to be the second most important stakeholder group for Emirati businesses. In this field, meaningful CSR practices are truly necessary considering the number of particularly unskilled expatriate workers living and working under unhealthy conditions in the country. Other than community and employees, no stakeholder group actually has less than a 60% rating. This suggests to us that Emirati businesses are aware of their major stakeholder groups. In addition, on average, each firm published 26 pages of CSR related information in our sample (See table 5a).

Table 5a: Stakeholders considered and Length of CSR information

	Employees	Costumers	Government	NGOs	Community	Shareholders	Suppliers	Number of pages of CSR info
Total	86	68	62	68	89	68	62	26
Market capitalization in \$								
> 10 bn.	100	71	71	86	100	71	71	42
1 bn. - 10 bn.	81	71	67	67	95	71	67	12
< 1 bn.	89	56	44	56	67	56	44	48
Industry type								
Financial Services	81	63	63	63	81	63	63	21
Energy	67	67	67	67	100	67	67	20
Other services	91	91	73	73	91	82	73	34
Retail - Real estate & construction	100	43	43	71	100	57	43	28

*All numbers as percentages

*All percentages calculated with respect to the companies that issue CSR information in any way

While larger sized companies seem to be more attentive towards each stakeholder group and publish more comprehensive CSR information, the general pattern is still very similar to the general structure that was mentioned above; community and employees are the most important stakeholder groups for this size category as well as for all companies in general.

¹⁸¹ Hofstede, G., (1984). The Cultural Relativity of the Quality of Life Concept. The Academy of Management Review. Vol. 9, No. 3. 389-398, P.391. Available at: <http://www.jstor.org/stable/258280>

As it was shown in the regression analysis, the services sector provides the longest CSR information on average compared to the other four different industry types. The businesses that belong to this sector cover more stakeholder groups in their CSR information. Particularly, customers and shareholders are also frequently mentioned. Thus this sector type stands out in this table as well.

Table 5b, which is the list of 37 out of 50 companies, sorted according to market capitalization, is displayed here for several purposes. First of all I would like to present the list of the 50 largest firms that were used to conduct the second part of this study. Secondly this list provides an insight into the sophistication of the CSR information for each firm separately. For example; although all of the stakeholder groups seem to be addressed by some firms (e.g. Emirates NBD (6th), Arabtec Holding (15th) or Abu Dhabi National Insurance (45th), etc.), the length of the CSR information is not more than a few pages or even a single page in some cases. This might give you an idea about the quality of the CSR information published by companies separately. In addition to this, another column, entitled “stakeholders”, is added in this table. Further explanation regarding this column is provided below the table (you may see the table 5b on the next two pages).

Table 5b: Stakeholders considered and Length of CSR information

	Employees	Costumers	Government	NGOs	Community	Shareholders	Suppliers	Stakeholders	Number of pages of CSR info
1-Etisalat	x	x	x	x	x	x	x	s	86
2-First Gulf Bank	x				x				1
3-National Bank of Abu Dhabi	x	x	x	x	x	x	x	s	175
4-DP World	x	x	s	s	x	s	x	s	6
5-Emaar Properties	x			x	x				7
6-Emirates NBD	x	x	s	s	x	x	s	s	3
7-Abu Dhabi Commercial Bank	x	x	x	x	x	x	x	s	33
8-du	x	x	x	x	x	x	x	s	77
9-Aldar Properties	x	x	x	x	x	x	x	s	81
10-Dubai Islamic Bank	x	x	s	s	x	x	x	s	3
11-Dubai Financial Market									2
12-Abu Dhabi Islamic Bank	x	x	s	s	x	s	x	s	6
13-Union National Bank	x	x	x	s	x	x	x	s	71
14-Mashreq Bank	x	x	s	x	x	s	x	s	19
15-Arabtec Holding Company	x	x	s	s	x	s	s	s	1
16-National Bank of Ras Al Khaimah	x				x				4
17-Commercial Bank of Dubai	x	s	x	x	x	x	x	s	5
18-Dubai Investments	x	s	s	s	x	x	s	s	8
19-Hikma Pharmaceuticals	x	x	x	x	x	x	x	s	40
20-TAQA	x	x	x	x	x	x	x	s	51
21-United Arab Bank	x	x	s	s	x	x	s	s	3

	Employees	Costumers	Government	NGOs	Community	Shareholders	Suppliers	Stakeholders	Number of pages of CSR info
22-Air Arabia		x			x				8
23-Deyaar Development Company	x				x	x			5
25-Dana Gas	x	x	s	s	x	x	s	s	13
27-Waha Capital					x				4
30-Aramex	x	x	x	x	x	x	x	s	106
31-National Industries Group Holding					x				1
33-Drake & Scull International	x				x				3
36-National Bank of Fujairah	x				x				2
40-RAK Ceramics	x	x	x	x	x	x	x	s	100
41-Julphar	x								2
42-Gulf Finance House									1
43-Agthia Group	x			x	x				1
45-Abu Dhabi National Insurance Company	s	x	s	s	x	s	s	s	1
46-National Marine Dredging Company	x	x	x	s	x	s	s	s	4
48-Oman Insurance Company	x	x			x	x			1
50-Tabreed	x	x	s	s	x	x	s	s	41
Percentage (Among CSR information provided, n=37)	86	68	62	68	92	68	62	62	26

* In this table there is an “x” for each stakeholder group that is considered by the corresponding firm. Besides that, if the company mentioned the word of “stakeholders” in general then it is shown with the symbol of “s”. (For instance; if you look at the 4th biggest company DP World, you may figure that employees, customers, community and suppliers are mentioned in their CSR information, and are checked with an “x”. Although government, NGOs and shareholders are not mentioned explicitly, they are still checked with an “s” since the firm uses the statement of “stakeholders” in its CSR information.)

Focus points of CSR

In this section, I will identify areas of CSR that Emirati companies prefer to focus on. Six major areas are considered, these are: Human rights, environment, minority support, working conditions, children's rights and lastly gender equality.

Table 6: Focus points of CSR practices

	Human rights	Environment	Minority support	Working environment	Child labor	Gender equality
Total	27	86	43	41	22	32
Market capitalization in \$						
> 10 bn.	43	86	29	86	29	86
1 bn. - 10 bn.	29	90	33	43	24	43
< 1 bn.	11	78	78	33	11	0
Industry type						
Financial Services	25	81	44	31	13	38
Energy	0	67	33	67	0	33
Other services	36	91	45	45	36	36
Retail - Real estate & construction	29	100	43	43	29	14

*All numbers as percentages

*All percentages calculated with respect to the companies that issue CSR information in any way

As table 6 attests, the environment is mentioned by 86% of the businesses in general, which makes environment the most focused on area of CSR. The majority of the companies address environmental issues such as reducing their environmental footprint, green energy, improvement of waste disposal facilities, water consumption, energy consumption and some additional recycling projects. As mentioned under the heading of environmental damage, the country produces one of the highest CO2 emission per capita in the World. While households produced 57% of the total CO2 emissions produced in the whole country in 2008, industries and the government contributed 30% and 13% respectively.¹⁸² The average Emirati consumes 550 liter of water per day and this is the highest water consumption per capita in the world. On top of this

¹⁸² UAE Ecological Footprint Initiative. Report. 1-8, P.5. Available at:
http://www.footprintnetwork.org/images/uploads/UAE_LPR_supplement_EN.pdf

the country doesn't have fresh water supplies and therefore water supplies depend on desalination of sea water which is costly and extremely carbon-intensive.¹⁸³ Hence environmental issues require serious attention by the government and households as well as the private sector in the UAE. However it should not be ignored that the country has a decreasing trend in its CO2 Emissions in recent years and considering the table above, at least the largest 50 Emirati businesses seem to be aware of this problem.

Besides the environment, 43% of the firms mention minority support and 41% mention improvements regarding the working environment and job safety. Gender equality, human rights and child labor are the areas least focused on, with 32%, 27% and 22% respectively.

I would like to provide a brief explanation about minority support. The national population composes only about 12% of the whole population in the United Arab Emirates.¹⁸⁴ The general population consists of much more foreign workers than national ones. Although there are CSR policies that are implemented for the benefit of expatriates, these policies are usually mentioned under the title of "employees" or "working environment". On the other hand, minority support is mostly directed to nationals by Emirati enterprises since Emiratis are considered as a minority by the UAE's government as well as some businesses. The Emirati government initiates a policy called "Emiratization". As previously discussed, Emiratization is implemented to employ its citizens in the public and private sectors. Emiratization is mandatory for businesses. The government forces private businesses to implement the conditions of Emiratization. 43% of the firms bring up this topic in their CSR information in total.

Human rights, work environment and gender equality are the other important focus points for the companies. Whereas all of these three subjects are linked, human rights and gender equality are particularly intertwined. In our sample, the majority of the businesses mentioned both human rights and gender equality together or they didn't mentioned any of them at all. Overall, even though roughly one third of the largest 50 Emirati businesses seem to be engaged in CSR practices in these areas, this doesn't seem sufficient considering how controversial these three areas are in the Arab world as well as in the UAE.¹⁸⁵

When the businesses are categorized with respect to their size, the ones that have more than \$10 billion market capitalization value seem to be more sensitive in all of these areas except for Minority support/Emiratization. Surprisingly only 29% of the largest companies focus on

¹⁸³ CNN. Counting the carbon cost of bringing water to the desert. Available at:

<http://edition.cnn.com/2012/01/20/world/meast/carbon-cost-water-uae/index.html>

¹⁸⁴ UAE National Bureau of Statistics. Population Estimates 2010. Available at:

<http://www.uaestatistics.gov.ae/ReportPDF/Population%20Estimates%202006%20-%202010.pdf>

¹⁸⁵ Hatem, M., (2008). Gender, Political Culture, and Economic Development. Middle East Studies Association Bulletin. Vol. 42, No. ½. 128-130. Available at: <http://www.jstor.org/stable/23063554>

Ross, A., (2011). Human Rights, Academic Freedom, and Offshore Academics Academe. American Association of University Professors. Vol. 97, No. 1. 14-17. Available at: <http://www.jstor.org/stable/25799861>

Emiratization, whereas almost 80% of the smallest companies address it as CSR practice. Apparently large firms within the sample doesn't consider Emiratization as a CSR field or a minority support. Furthermore, while not a single company amongst the smallest businesses addresses gender equality in its CSR information, 86% of the largest businesses focus on this field of CSR.

Lastly when we look at how different industry types perform regarding the table above, the services sector is highlighted one more time by performing better than all other sectors in almost all of the areas that are mentioned in the table.

Community investment distribution

It was already shown in table 5a that 89% of the companies in the sample consider community as one of their stakeholders and implement CSR practices directed towards it. In fact, it is the most mentioned stakeholder group among the largest 50 companies. I will examine how companies distribute their CSR spending in this section. Five major fields are identified to which CSR investments are attached. These areas are: culture, education, healthcare, youth and sports, and lastly infrastructure. 95% of the Emirati businesses, which see community as one of their stakeholder groups, devoted part of their CSR spending to least one of these five areas, whereas the majority of them engaged in more than one area (see table 7).

Table 7: Community investment distribution

	Culture	Education	Healthcare	Youth & Sports	Infrastructure
Total	54	76	89	73	24
Market capitalization in \$					
> 10 bn.	100	71	86	57	43
1 bn. - 10 bn.	52	90	95	86	24
< 1 bn.	22	44	78	56	11
Industry type					
Financial Services	63	88	88	75	13
Energy	33	100	100	100	67
Other services	64	73	91	82	36
Retail - Real estate & construction	29	43	86	43	33

*All numbers as percentages

*All percentages calculated with respect to the companies that issue CSR information in any way

The companies predominantly focus on three areas in general, these are: healthcare, education, youth and sports. Healthcare and education are the most popular fields for community investment among the sample companies. 89% of the businesses choose to invest in healthcare while 76% of them direct their community investment to education. Youth-sports and culture follow these two leading fields. Lastly infrastructure attracts the least attention by Emirati companies.

Education and healthcare are two vulnerable areas in the country. The UAE's government invests billions of dollars in the development of both healthcare and the education sector. Although the country has modern healthcare facilities, two out of five nationals prefer to be treated abroad rather than in the UAE. Poor eating habits, extremely high tobacco use and a lack of exercise create health challenges. 19% of the UAE nationals are already diabetic and 33% of the male and 38% of the female population suffer from obesity.¹⁸⁶ The country has tens of hospitals. The government invests significantly in healthcare and the standards of healthcare in the country are considered to be high.¹⁸⁷ However the source of the health problems seem to be the habits of the people, not a lack of healthcare facilities. In the sample numerous firms provide free healthcare services to their own employees, who are generally expatriate workers. Although expatriate workers might apply to receive care at public facilities at a lower cost compare to private ones, the majority of the low-paid unskilled expatriate workers see it as a liability rather than a useful facility.¹⁸⁸ For instance, a health survey revealed that 75% of expatriate workers are not covered by any sort of health insurance in Dubai.¹⁸⁹ Despite the fact that the government is trying to make health insurance obligatory for everybody, it is still not so. Emirati enterprises focus on this area to improve the standard of living of those living in the country.

As mentioned earlier, the education quality, particularly in public schools as well as some private ones, is very low in the UAE. The ratio of the government spending on education to GDP ratio is severely low in the country.¹⁹⁰ Many Emirati nationals suffer from unemployment due to low skill and qualification levels as well as low fluency in English.¹⁹¹ The only way to prevent these

¹⁸⁶ United Arab Emirates Yearbook 2013. 1-266, P.188. Available at:

<http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

¹⁸⁷ Library of Congress – Federal Research Division of US. Country profile of UAE. 1-27, P.7. Available at:

<http://www.marines.mil/Portals/59/Publications/UAE%20Profile.pdf>

¹⁸⁸ Gulf news. Costly insurance puts off UAE expats. Available at: <http://gulfnews.com/xpress/costly-insurance-puts-off-uae-expats-1.1241244>

¹⁸⁹ United Arab Emirates Yearbook 2013. 1-266, P.187. Available at:

<http://www.uaeyearbook.com/Yearbooks/2013/ENG/>

¹⁹⁰ United Nations Development Programme. Expenditure on education. Public (% of GDP). Available at:

<http://hdr.undp.org/en/content/expenditure-education-public-gdp>

¹⁹¹ Gulf News. Key challenges to Emirati students. Available at: <http://gulfnews.com/news/uae/education/poor-english-lack-of-orientation-key-challenges-to-emirati-students-1.1233707>

problems is to provide free and better quality of education. Therefore three quarters of the businesses in the sample deploy their community investment through the field of education.

Youth and sports are another field that obviously receives substantial attention from Emirati companies (73%). This is understandable considering the very high portion of young people living in the country. In most of the Arabic countries as well as the UAE, creating meaningful job opportunities, providing social facilities to youths and allowing them to take up sports and adopt a healthy lifestyle remain crucial.¹⁹²

Up to this point the largest businesses have always had relatively better statistics, however it is little different in this table. It appears that companies of different sizes have different CSR spending patterns. While the general investments of the enterprises that belong to the largest firm size category (> 10 bn.) concentrate on three main areas: culture, education and lastly healthcare, all of them specifically invest in culture without any exception. However the prioritization of culture as an investment field is not so high for the other smaller businesses, hence the general pattern doesn't change for them.

Lastly when we look at varied industry types, we might figure that the spending is concentrated mainly on education, healthcare and youth and sports; as it was observed in the general pattern, but with different ratios.

All aside, it should be mentioned that this table does not reveal the amount, quality and efficiency of the spending.

Forms of corporate citizenship

Businesses use different methods when they engage in CSR. While some of them prefer to donate, some others establish foundations or sponsor activities. Besides these ways of engaging in CSR, some firms delegate human resources to participate in activities that fulfil their social responsibilities. These four different ways of conducting CSR will be investigated for Emirati businesses in this part.

¹⁹² The World Bank Institute, (2007). Corporate Social Responsibility and Corporate Citizenship in the Arab World. Working Paper based on jointly organized conference on November 21-22 in Cairo, Egypt. Available at: http://api.ning.com/files/q6wbtYM1kBQ*Rk5vtzQ7dh2XGAlunSB*tTnnbbUSGycK7CLDB46PDsYw4FwFI0VHQCXC9VHliyJJzaHqt3TpXkD8kCjeUXGv/FinalBackgroundPaper_CSRConference_CairoCopy.pdf

Table 8: Forms of corporate citizenship

	Donations (Zakat)	Foundations	Social sponsoring	Corporate volunteering
total	76	51	73	78
Market capitalization in \$				
> 10 bn.	57	57	71	86
1 bn. - 10 bn.	81	71	81	76
< 1 bn.	78	0	56	78
Industry				
Financial Services	75	50	88	69
Energy	100	67	67	67
Other services	82	45	82	91
Retail - Real estate & construction	57	71	29	86

*All numbers as percentages

*All percentages calculated with respect to the companies that issue CSR information in any way

As you may see on table 8, donations are a very common method among Emirati companies. More than three quarters of businesses choose this way to engage in CSR activities. The reason why this method is more popular than others is closely linked to the culture and religious belief of the country. As discussed under the title of culture earlier, collectivism as well as the tradition of giving away, so called “zakat”, encourage people to give away a certain share of the profit to people in need.¹⁹³

Whereas the majority of the businesses use donations, social sponsoring and corporate volunteering to engage in CSR, around half of the firms invest in CSR through foundations. Some businesses established their own foundations and engage in CSR activities through foundations in the sample (e.g. Emaar foundation). However many of them cooperate with existing foundations through donations. This relationship between firms and foundations is presumed under the title of “foundations”, since donations are made on a regular basis or even if they are not, the cooperation with foundations implies a long term commitment.

¹⁹³ Corporate Citizenship Around the World. Global Education Research Network. 1-127, P.80. Available at: http://www.unisa.ac.za/contents/colleges/col_econ_man_science/ccs/docs/CorpCitizenshipAroundWorld.pdf

Overall the firms which have different market capitalization values and which operate in different industries have different preferences. While larger firms prefer to use social sponsoring and corporate volunteering more often, smaller firms use donations to engage in CSR. There is no firm which has less than a \$1 billion market value and which established its own foundation or cooperate with one of the existing foundations. Apparently, while the CSR perception of larger firms are more internationalized, a conventional understanding of CSR is prevalent among smaller ones in the sample. Smaller companies seem not to commit CSR practices, besides CSR and zakat is very intertwined according to their understanding.

I would like to sum up the part of the quantitative research as well as the contextual research and conclude my study in the next section.

5. Conclusion and Recommendations for Further Research

CSR has not been examined extensively despite the economic and strategic importance of the United Arab Emirates. Thus the aim of this study is to reveal the status of CSR and sustainability in the country. To be able to reach this aim three main research questions were selected. The answers to these questions have been hinted at up until this point, I would like to answer them clearly here.

The results of the analysis revealed that there is a positive relationship between firm size and the practice of CSR for the 50 largest Emirati businesses. Larger companies not only engage in CSR but also publish longer and more detailed CSR information. Additionally, the companies that belong to the service sector are one step ahead of other businesses that operate in the country with regard to CSR practices. The majority of the businesses in this sector engage in CSR as well publishing comparably longer and more comprehensive CSR and sustainability reports.

Additionally the perception of CSR and the form of CSR practices are heavily affected by the country's institutions and socio-economic environment. Corporate social responsibility in the UAE is strongly shaped by its collectivism, culture of charity and tradition. Since the perception of CSR is similar and affected by the same norms, there is a general pattern in applied CSR activities, most mentioned stakeholders and even the way that companies engage in CSR. In general, CSR practices are aimed at solving social problems as well as some other country specific issues that affect the whole community. A majority of the businesses directed their CSR activities through activities involving the environment, employees and community and they channel their CSR investment towards education, healthcare and youths. Moreover, a conventional understanding of CSR is dominant among businesses. The understanding of CSR is strongly intertwined with philanthropy. For some firms there is a confusion between CSR and the religious notion of "zakat".

Therefore “donations”, or “zakat”, is one of the most common methods by which to engage in CSR.

After reading related literature and CSR reports that are published by Emirati companies I can say that there is high awareness of CSR in the UAE, at least among large businesses. Nevertheless CSR is almost never internal to their business. There are several enterprises which implement and report well-prepared CSR practices, however most of the time religious deeds and the practice of corporate social responsibility are too intertwined. CSR practices consist of external charity activities and goodwill projects. Clearly defined, long-term CSR plans are very rare, and in addition monitoring and reporting of CSR activities are poorly done. Overall CSR is clearly in its infancy and perceived relatively different in the UAE. Broad use of the English language, an extremely high foreign population, tourism, a high amount of inward and outward investment and free trade zones are likely to contribute to the further development of CSR in the country, by creating an increasingly internationalized environment.

The Emirati government seems to be aware of the social problems of the country. Nonetheless they don't explicitly take initiative, bring clear definition to CSR, or promote and regulate potential CSR activities for private firms, except for Emiratization. On the other hand Emiratization is very controversial to consider as CSR. There are many vulnerable areas that are in need of CSR and sustainability, such as possible CSR projects that might be directed towards areas such as human rights, expatriate workers or female empowerment. A solution to these major problems would increase the quality of life of the people and help development. The existing system causes nothing but the exploitation of a cheap and virtually infinite labor force. In addition, the government's attitude towards expatriate workers is sometimes brutal. Briefly, the Emirati government needs to identify challenges that prevent private companies from applying CSR. A clear definition of CSR should be developed and a distinction between CSR, donations, philanthropy and zakat should be drawn. A global approach to CSR needs to be harmonized with the conventional understanding of it. Philanthropic goodwill projects need to be changed to be better planned and long term CSR activities and corporate citizenship should be understood.

Recommendations for further research

I examined the 50 largest businesses that operate in the UAE in my research. I believe using a larger sample as well as adding a certain share of small and medium enterprises could give additional information, allowing a better understanding of the status of CSR in the UAE.

I believe, even though it is superficial and external to their business, the majority of the firms operating in the UAE contribute towards CSR at some level mainly because of the cultural patterns that are followed. However some firms might not provide information regarding these activities

(particularly the religious act of so-called “zakat” or other philanthropic practices) since it is deemed to be private and discreet, according to the religion. Therefore, regardless of whether it publishes CSR information or not, having private interviews with each single firm about CSR could provide useful insights about the perception of CSR prevalent in the country.

7. Appendix

Model 1: OLS, using observations 1-50

Dependent variable: Length of CSR information

	Coefficient	Std. Error	t-ratio	p-value	
const	7.9521	5.94303	1.3381	0.1872	
Market capitalization value	2.80137e-09	8.68784e-010	3.2245	0.0023	***
Mean dependent var	19.50000	S.D. dependent var		36.61117	
Sum squared resid	53984.89	S.E. of regression		33.53633	
R-squared	0.178043	Adjusted R-squared		0.160919	
F(1, 48)	10.39722	P-value(F)		0.002272	
Log-likelihood	-245.5578	Akaike criterion		495.1157	
Schwarz criterion	498.9397	Hannan-Quinn		496.5719	

Model 2: Logit, using observations 1-50

Dependent variable: Dummy Employees

Standard errors based on Hessian

	Coefficient	Std. Error	z	p-value	
const	-1.15112	0.528765	-2.1770	0.0295	**
Length of CSR information	0.633908	0.231263	2.7411	0.0061	***
Mean dependent var	0.640000	S.D. dependent var		0.484873	
McFadden R-squared	0.404897	Adjusted R-squared		0.343681	
Log-likelihood	-19.44254	Akaike criterion		42.88509	
Schwarz criterion	46.70914	Hannan-Quinn		44.34131	

Model 3: Logit, using observations 1-50

Dependent variable: Dummy Customers

Standard errors based on Hessian

	Coefficient	Std. Error	z	p-value	
const	-2.04691	0.635928	-3.2188	0.0013	***

Length of CSR information	0.523144	0.183901	2.8447	0.0044	***
Mean dependent var	0.500000	S.D. dependent var	0.505076		
McFadden R-squared	0.480387	Adjusted R-squared	0.422679		
Log-likelihood	-18.00841	Akaike criterion	40.01681		
Schwarz criterion	43.84086	Hannan-Quinn	41.47303		

Model 4: Logit, using observations 1-50

Dependent variable: Dummy Government

Standard errors based on Hessian

	Coefficient	Std. Error	z	p-value	
const	-2.10863	0.636546	-3.3126	0.0009	***
Length of CSR information	0.42268	0.16163	2.6151	0.0089	***
Mean dependent var	0.460000	S.D. dependent var	0.503457		
McFadden R-squared	0.475631	Adjusted R-squared	0.417655		
Log-likelihood	-18.08925	Akaike criterion	40.17851		
Schwarz criterion	44.00255	Hannan-Quinn	41.63473		

Model 5: Logit, using observations 1-50

Dependent variable: Dummy NGOs

Standard errors based on Hessian

	Coefficient	Std. Error	z	p-value	
const	-1.96168	0.618062	-3.1739	0.0015	***
Length of CSR information	0.490652	0.176707	2.7766	0.0055	***
Mean dependent var	0.500000	S.D. dependent var	0.505076		
McFadden R-squared	0.465767	Adjusted R-squared	0.408060		
Log-likelihood	-18.51509	Akaike criterion	41.03018		
Schwarz criterion	44.85422	Hannan-Quinn	42.48639		

Model 6: Logit, using observations 1-50

Dependent variable: Dummy Community

Standard errors based on Hessian

	Coefficient	Std. Error	z	p-value	
const	-2.15282	0.798479	-2.6961	0.0070	***
Length of CSR information	1.96945	0.720305	2.7342	0.0063	***

Mean dependent var	0.680000	S.D. dependent var	0.471212
McFadden R-squared	0.651961	Adjusted R-squared	0.588151
Log-likelihood	-10.90877	Akaike criterion	25.81753
Schwarz criterion	29.64158	Hannan-Quinn	27.27375

Model 7: Logit, using observations 1-50

Dependent variable: Dummy Shareholders

Standard errors based on Hessian

	Coefficient	Std. Error	z	p-value	
const	-1.80889	0.587477	-3.0791	0.0021	***
Length of CSR information	0.432648	0.164173	2.6353	0.0084	***

Mean dependent var	0.500000	S.D. dependent var	0.505076
McFadden R-squared	0.439168	Adjusted R-squared	0.381460
Log-likelihood	-19.43697	Akaike criterion	42.87393
Schwarz criterion	46.69798	Hannan-Quinn	44.33015

Model 8: Logit, using observations 1-50

Dependent variable: Dummy Suppliers

Standard errors based on Hessian

	Coefficient	Std. Error	z	p-value	
const	-2.10863	0.636546	-3.3126	0.0009	***
Length of CSR information	0.42268	0.16163	2.6151	0.0089	***

Mean dependent var	0.460000	S.D. dependent var	0.503457
McFadden R-squared	0.475631	Adjusted R-squared	0.417655
Log-likelihood	-18.08925	Akaike criterion	40.17851
Schwarz criterion	44.00255	Hannan-Quinn	41.63473

Model 9: Ordered Logit, using observations 1-50

Dependent variable: Length of CSR information

Standard errors based on Hessian

	Coefficient	Std. Error	z	p-value	
Dummy Services	1.09215	0.590284	1.8502	0.0643	*
Mean dependent var	19.50000	S.D. dependent var	36.61117		
Log-likelihood	-130.5966	Akaike criterion	305.1933		
Schwarz criterion	347.2578	Hannan-Quinn	321.2117		

Model 10: Ordered Logit, using observations 1-50

Dependent variable: Length of CSR information

Standard errors based on Hessian

	Coefficient	Std. Error	z	p-value
Dummy Financial Services	-0.318595	0.499835	-0.6374	0.5239
Mean dependent var	19.50000	S.D. dependent var		36.61117
Log-likelihood	-132.1360	Akaike criterion		308.2720
Schwarz criterion	350.3365	Hannan-Quinn		324.2904

Model 11: Ordered Logit, using observations 1-50

Dependent variable: Length of CSR information

Standard errors based on Hessian

	Coefficient	Std. Error	z	p-value
Dummy Retail & Real estate	-1.00078	0.610271	-1.6399	0.1010
Mean dependent var	19.50000	S.D. dependent var		36.61117
Log-likelihood	-130.9586	Akaike criterion		305.9173
Schwarz criterion	347.9818	Hannan-Quinn		321.9357

Model 12: Ordered Logit, using observations 1-50

Dependent variable: Length of CSR information

Standard errors based on Hessian

	Coefficient	Std. Error	z	p-value
Dummy Energy	0.831582	0.968411	0.8587	0.3905
Mean dependent var	19.50000	S.D. dependent var		36.61117
Log-likelihood	-131.9773	Akaike criterion		307.9546
Schwarz criterion	350.0191	Hannan-Quinn		323.9730

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