

Corporate Responsibility in a Polarized Society

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Governments have specific functions: they are supposed to preserve and ensure law and order, properly represent the interests of their countries- both nationally as well as internationally- and most importantly, provide public goods and services to their people. One of the results of the different waves of globalization in the past decades is the outsourcing of government functions to different national, regional and international actors. Today, international peacekeepers are stepping in when governments fail to maintain its monopoly on the use of force. International judges are now capable of prosecuting national politicians for their abuse of power. After decades of expanding their public sectors and being the main economic agents, governments have transferred the responsibility of the provision of public goods to the private sector and assumed a more indirect regulatory or administrative role.

Public accountability occurs when during elections the people make their politicians accountable for their performance regarding the quality of service delivery such as education, health, public infrastructure and even the creation of job opportunities and ensuring reasonable economic performance. The privatization of the provision of public goods, in many countries, left private sector companies responsible for the quality of service delivery and restricted the role of governments to an oversight or regulatory one. As a result, this shift in responsibility from governments to corporations forced the latter to commit to a certain ethical corporate conduct. At the same time, corporations became aware that they are partners in development; hence they also became responsible for integrating business objectives with social development dilemmas.

In other words, Corporate Social Responsibility (CSR) is the product of the upgrade in profile and responsibilities of companies, particularly multinational ones, which set out to prove that good capitalism does indeed exist and business and sustainable development can be reconciled.

If the corporate responsibility movement is an attempt to ensure that businesses are essentially linked to the community and positive business and communal relations can be successfully developed, then this movement in Lebanon faces serious structural obstacles. After all, Lebanon is a confessional country whose society is highly divided. The confessional nature of the Lebanese state distorted the forms of national association and prevented the development of a unified national identity, which subsequently comes second to sectarian and family interests. Any identity, however, based either on socio-economic factors or ideology can be easily overridden by primordial identities. In other words, in Lebanon there are many communities and most of these communities do not represent socio-economic interests but rather sectarian ones.

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So if corporate responsibility aims at strengthening the business communal relations, then in Lebanon, the challenge is to identify which community, or set of communities, corporate responsibility should target.

The structure of the Lebanese private sector, dominated by small and medium-size enterprises (SMEs) most of which are family owned, is yet another obstacle for improving corporate responsibility. Due to their size and spheres of influence, SMEs have limited capacity to invest in corporate social responsibility and implement modern corporate governance principles. At the same time, SMEs are localized and even if they have better understanding of the local cultural context, they might risk being dragged into the mud of Lebanese communal divisions and competition between different communities. The complex structural make-up of Lebanese society therefore negates any benefit from implementing CSR.

Another obstacle towards improving corporate responsibility in Lebanon is that the separation of the public and private spheres is impossible. Politicians in Lebanon are often businessmen at the same time. Historically, the Lebanese political elites have been composed of landlords, bankers, merchants, representatives of traditional families and professionals (mainly lawyers). This class has enjoyed access to state resources, to private and commercial financing and has been occupying seats in the legislative, executive and judiciary institutions. Perhaps there is no better example to illustrate this then to look back at the private sector contribution to the reconstruction of bridges and infrastructure that were destroyed during July-August 2006 Israeli war on Lebanon. Several businessmen committed to the reconstruction of bridges. However, it is important to note that most these projects coincided with these businessmen's regions of either influence or at least interests.

Any discussion on the importance of strengthening the corporate social responsibility movement should be synchronized with the other campaigns that aim to improve accountability, transparency and good governance in Lebanon. Corporate responsibility functions better in an environment where a strong legal system prevails and oversight institutions, protected by a democratic electoral law that has clear ceiling on campaign spending, are fully developed. Proponents of CSR in Lebanon should also lobby to make the Lebanese economy more competitive by adopting an anti-trust legislation, ensuring consumer protection, modernizing the tax system and enforcing conflict of interest regulations. Finally, and perhaps most importantly, the campaign to promote CSR should not disregard Lebanese civil society organizations' initiatives to strengthen citizenship and reinforce social cohesion.