Future Agenda of Iraqi Social-Business Ethics through Corporate Social Responsibility: The Post-War Era

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Abstract: After Defeat of ISIS in Iraq and Syria, there is no major threat of peace in Iraq. Hence, it is time to reconcile the relations and restore the unity through decent policy making concerning better well-being for all Iraqi people. Appropriate business ethics based on pivotal social factors could generate proactive commercial environment in Iraq, which is the key to improve the quality of stakeholders’ lives. Firms should develop their strategic corporate social responsibility practices aligned with global trends in order to create optimized values for the stakeholders. It is time for Iraq to create an ethical market for equality and unity in the path of globalization. This study tends to look deeply into this matter and create a better understanding of the subject for better future of Iraqi business laws and its development in practice. Observation and in-person conversations have been conducted in addition to reviewing the literature to understand and answer the questions of the topic at hand. This research investigates the extent of which CSR is implied within the body of Iraqi system and addresses local firms in regard to their willingness and function. Current state of the issue is investigated and possible approaches towards future implementations are provided for managerial benefits.

Keywords: Social Corporate Responsibility; Iraq; Business Law; Business Ethics; Community

1. Introduction

As new opportunities arise within the context of businesses in Iraq, concerns on societal dimensions of Corporate Social Responsibility (CSR) has to be thoroughly understood and appropriate decisions are to be made. Firms are now being shifted towards managing the stakeholders and in regard to their perspectives and salience attributes and their interests (Parent and Deephouse, 2008; Iraq Ministry of Foreign Affairs, 2018). The importance of CSR practices and their implementations within organizations is widely known and the awareness upon this topic has been increasing over the years (Acquier, 2015). There are several challenges against the managers and companies in regard to their responsibilities for stakeholders, communities, and other parties, which are or can be influential. The idea of exceeding the limitations of regulations in regard to social and environmental impacts and concerns is to become a main concern for firms as globally people are being more aware of the effects organizations have on their lives, quality of life, and their environment (whether domestically or international). This creates a shift towards applying CSR practices more thoroughly and comprehensively within organizations for achieving long-term sustainability and reputation alongside other benefits. This claim has been looked into and the importance of this matter is highlighted further in detail in the following section. In particular, this aspect is being investigated based on Iraqi systems for better understanding the phenomenon and enhancing the managerial knowledge and awareness on this matter for their reassurance and encouragement for implementing CSR in practical manner. The literature lacks evidence and research when it comes to Middle Eastern region and thus, this study endeavors to aid the Iraqi decision-makers to apply CSR and be aware of its benefits and sustainable means. Main aim of this research is to answer the question of ‘to what extent CSR is implied within the Iraqi system?’ and ‘how to further encourage firms to undertake CSR on a greater level in Iraq?’ Through this, our study contributes to the literature by opening the topic in the context of Iraq. Most recent and relevant studies have been investigated for this paper. This doctrine research consists of extensive review on the literature for this approach is deemed appropriate. In addition, personal contacts have been made with several organizations for additional data. This allowed the researcher to have firsthand data regarding the implementation of CSR within the body of Iraqi system. Erbil, and Baghdad are cities that the observations as well as in-person conversations with relevant authorities were undertaken. The questions of this study were derived from the literature of the subject. As previously noted, for the case of Iraq, the literature lacks sufficient data. Hence, the conduction of this paper was deemed appropriate to contribute to the literature as well as enabling managers to understand the importance of CSR in newly shaping structure of Iraqi market. Ethics and compliance with ethical norms commonly accepted on an international scale alongside the aforementioned implementation of CSR can yield in a smoother path towards entering the global market and provision of an equal market for Iraq and a role to play among other players on the international scale.
2. Corporate Social Responsibility (CSR) and Global Value Chain (GVC)

There is a difficult challenge for companies desiring CSR as their business approach nowadays; simultaneous consideration of social responsibility along with competition with rivals in the market requires decent strategy (Lund-Thomsen and Lindgreen 2013). The aforementioned challenge has been frequently discussed in literature relating to strategic CSR as the pivotal issue in CSR adoption (McWilliams and Siegel 2001; McWilliams et al. 2006; Porter and Kramer 2006, 2011). Companies have found themselves in an urgency of developing and offering their CSR practices in accordance with stakeholders’ expectation (Orlitzky et al. 2011; Crane et al. 2014). Hence, companies consider CSR adoption should generate additional value and consequently bonus market share. Moreover, companies regulate their CSR practices in accordance with the stakeholders’ offerings for those practices, since companies and stakeholders interact with each other based on bilateral offerings (Burke and Logsdon 1996; McWilliams et al. 2006; Vogel 2006). The mentioned bilateral offerings and policies are fundamental in ‘shared value’ creation for companies and their respective stakeholders. The desired shared value obtained through decent policies and practices providing improvement in company’s competitive advantages while promoting the level of well-being in communities, which are in interaction with the respective company (Porter and Kramer 2011, p. 6).

In literature related to Strategic CSR, there is a gap regarding to a crucial factor influencing on CSR adoption based on bilateral offerings and policies in global context. The collective involvement of the companies in CSR policies in global context has created different and more complex environment for CSR management and organizational arrangement. The combination of shared value and global context has created new series of issues and challenges with GVCs label (Maloni and Brown 2006; Scherer and Palazzo 2007, 2008, 2011; Andersen and Skjoett-Larsen 2009).

CSR adoption in global context without considering its different managerial requirements in comparison with industry-level adoption of CSR has been problematic, since there are several cases of giant companies have faced issues in adopting CSR in foreign countries. For instance, Nike had problems regarding public acceptance as an outsider in Pakistan, Vietnam and Indonesia and encountered with several strikes and protests over the working conditions in mentioned countries even Nike was merely an outsourcer. The reason was lack of proper management towards CSR policies and practices (Arnold and Bowie 2003; Locke et al. 2007; Boje and Khan 2009). In the same vein, in the Rana Plaza incident, which number of death exceeds 1200 due to building collapse, the legal involvement of numerous multinational giant brands along with host contractors adds to the complexity of handling the aftermath of incident (Lund-Thomsen and Lindgreen 2013; Perry et al. 2014). In global context, the process of creating value chain among all the stakeholders through CSR policies requires appropriate management of various involved multinational and local entities as respective stakeholders with high level of cultural and locational fragmentation (Gereffi et al. 2005; Maloni and Brown 2006; Soundararajan and Brown 2014). In this context, the challenge is to integrate the CSR policies among the wide range of legally independent stakeholders, which are fundamentally different in perceptions towards creating value through CSR policies and practices due to existing in different social and economic environments (Spence and Rinaldi 2012; Soundararajan and Brown 2014).

3. Strategic CSR and Performance

The existing literature in strategic CSR has mostly covered the economic and strategic benefits of adopting CSR approach and there is a significant gap in strategic CSR concerning ethical perspective of CSR, which also could drive firms and stakeholders to act socially responsible. Hence, the strategic CSR tends to avoid considering normative perspectives concerning ethical issues surrounding CSR exclusively (Donaldson and Preston 1995). As well as institutional perspectives, which could explain how authoritative guidelines derived from cultural, economic and political entities impact on a firm’s CSR policies (Campbell 2007; Matten and Moon 2008; Acquier, 2017).

According to literature related to strategic CSR, this context mostly consider perspectives concerning market characteristics and rivals’ behavior influencing on CSR policy-making in order to obtain a differential competitive advantage. The process of value creation on strategic CSR context is about how to merge the social and economic values in order to enjoy the synergy of both aspects in creating a unique competitive advantage (Grayson and Hodges 2004; Vogel 2006). In the aforementioned context, managers detect the desired CSR value of the target market and calculate the cost of its creation and via cost-benefit analysis, they determine the best resource allocation for CSR policies. CSR from the perspective regarding to design solutions for social problems of target market can be the valuable business approach for companies who seek for differential competitive advantages (McWilliams et al. 2006, p. 6). Profitability as the main driver of business can be achieved through solving major social issues, hence considering social challenges as business opportunities can be the key to success in the current extremely competitive marketplaces (Crane et al. 2014, p. 130). Recent studies in strategic CSR context have tested the hypothesis regarding the correlation of CSR with financial performance (Margolis and Walsh 2003; Arouiri and Pijourlet 2015) and some even have tried to explore beyond the mere correlation through inspecting the process of CSR impact on financial performance via analyzing the business case of CSR (Daudigeos and Valiorgue 2011). The researches have chosen centralized large organizations for analyzing desired objectives. Hence, applying these research results to global context as presumptions would be problematic since these studies have not taken salient characteristics of a global firm into account. Global Firms should expand their participation in different
marketplaces through whether outsourcing or establishing new branches worldwide thus, global firms have fundamentally different organizational structure in comparison with those organizations mentioned before (Kaplinsky 2004; Acquier et al. 2011). The high level of fragmentation and decentralization in global firms along with outsourcing increase the complexity of devising proper CSR policies with integration throughout the firms and societies (Freeman and Liedtka 1997).

In contemporary business environment, organizations tends to merge social values with their strategic values derived from economic perspective in order to gain sustainable competitive advantage. This perspective has been developed based on a belief that decent strategic CSR would improve the Corporate Social Performance (CSP) and consequently the firm itself would enjoy an increase in its Financial Performance (FP). The mentioned process is the main agenda for a company who desire to approach its business socially responsible and this agenda is extremely extensive, which numerous academic have contributed reviews to this context (Margolis 2003; Margolis et al. 2007; Orlitzyk et al. 2011). This is an important note as managers of Iraqi market can understand the importance of CSR and its practices and the extent of which they are implied within the organization. Both financial and social performance of the firm can be enhanced and improved upon the basis of proper implementation of CSR practices and initiatives within the firm and its strategy as a value towards self and the society that it is functioning in.

The focus of studies on the mentioned agenda should be on testing the correlation between CSP and FP, since the results would be crucial for resource allocation on social factors in order to create shared value and consequently firm's profitability (Sa’nehez and Sotorı ‘o, 2007). Several research papers with the aims of testing this correlation (Alexander and Buchholz 1978; Brammer and Millington, 2008; Clarkson, 1995; Cochran and Wood 1984; Harrison and Freeman 1999; Orlitzyk et al. 2011; Preston and O’Bannon 1997; Waddock and Graves 1997; Barnett and Salomon 2012; Weber and Gladstone, 2014) have contributed the statistical and empirical evidence regarding positive correlation between mentioned variables. However, the contributed results do not lead to firm conclusions and probably the reason is that these studies have been employed different methods to measure involved variables. Hence, there is a significant gap in explaining how CSP influence the FP of the respective firm. (Ullmann 1985) suggests that these inconclusive results derived from employing highly correlated social, financial and environmental variables interchangeably. For Instance, some studies have employed business reputation as proxy for measuring the level of social responsibility, which is highly correlated to financial status of the respective firm. Hence, these studies have found positive correlations between CSP and FP, since famous firms usually are the rich ones (Stanwick and Stanwick, 1998). (Margolis et al. 2007) suggest that there is a need to understand CSP systematically in order to grasp the relations between acting socially responsible and specific outcomes for the firms. This can be adopted by firms in Iraq to further improve their profitmaking as well as stability in the market. In turn, this can yield in a fostered movement towards international markets and globalization of Iraqi system.

4. Legitimacy Concerns in Iraqi Market

For any stakeholders and business owner, the legitimacy issues are the sine qua non. By acquiring legitimacy, an entity or individual can become stakeholder. The implication of legitimacy shows that mere power is not sufficient for a stakeholder. This is while mutual benefits among stakeholders and development of organizational considerations can be violated or warranted by stakeholders and whether they are legitimate or not. Mitchell et al. (1997) has taken a shift from Suchman’s legitimacy typology (1995) into three distinctive aspects that are namely, Moral, Pragmatic and Cognitive legitimacy (See Suchman, 1995, p. 866). According to Suchman (1995) legitimacy can be defined as a consensus and general perception/assumption on an individual (or entity) and their actions and whether they are proper, desirable and are appropriate within a social context or system and are in line with its norms, beliefs and values. Through this definition the social basis and nexus of legitimacy can be presented. This expands and broadens the limits of individual perceptions of legitimacy and its extent. Mitchell et al. (1997) provide and identify a managerial perception taking the main role for the assessment and determination process of legitimacy of stakeholders. Legitimacy can have various sources, which was neglected in Mitchell et al. (1997) study. However, Eesley and Lenox (2006) have argued that pragmatic legitimacy is purchasable and is due to personal and self-interests and presence of proper stimuli and inducement to appropriate audience can lead to pragmatic legitimacy that is an element of composite view. Bribes and other similar self-interest behaviors and actions penetrate the business and social norms and can be greatly influential on the extent of moral legitimacy. The rise in pragmatic legitimacy can lead to an increase in suspiciousness and cynic within the organization towards their stakeholders as the actions are deemed to have only benefits for an individual or a group (Ali, 2017).

Cognitive legitimacy can be a fruit of organizational support in accordance to cultural or social expectations and normality. Moreover, organizational objectives and vitalities can be used inappropriately or inconveniently by beliefs in the culture or society. Eesley and Lenox (2006) also defy the cognitive legitimacy due to the aforementioned issue, which can be apparent or beneath the surface of an organization. Cognitive legitimacy addresses the need for a certain amount of reflections for acquiring or resulting in legitimacy. Moral legitimacy however, in the context of organizations and their stakeholders can be represented on the basis of further expansion of self-interests. Promotion of social well-being and its effectiveness is the main reflection of moral legitimacy and it is due to the social values and their systematic implementation within that society (Suchman, 1995, p. 579). Moral legitimacy exceeds the self-interests of organizations and moves forwards towards social logic due to its pro-social philosophy. Similarly, the process of moral legitimacy can be argued through evaluation of managers.
and their norms on ethics that are not personal, are organizational, and are driven from social ethics as well as behaviors (Neville et al., 2011). The moral legitimacy can be given to stakeholders by the managers of organizations if the stakeholders are considered right per se. Claims of stakeholders can be evaluated in the context of moral intensity by managers and be prioritized based on benefits (net benefits), their rights and the fairness of activities, which can be a determinant of stakeholders’ claims (Neville et al., 2011, p. 369). Stakeholder salience in its normative formation can be taken as a more crucial aspect of legitimacy of claims than the legitimacy of the stakeholder itself (Esley and Lenox, 2006).

The aforementioned note is important to be considered as the current state of Iraq is not stable due to the sectarian conflicts currently posing risk to organizations that endeavor to function on a sustainable manner towards a globalized market. As it was observed through the conduction of this paper, the market of Iraq faces severe challenges due to political instability that resides in the country. This has become a major obstacle for reformation and proper implementation of policies and does not allow managers of firms to freely imply new strategies within their firms. However, both cities of this study are major in Iraq and are vital for overall economic performance of the country. Issues regarding stakeholders, claims and court proceedings may take months or be disrupted by other occurrences. As per the objectives of this research, for CSR and its practices to be fully implemented within Iraqi system, it is imperative that current situation regarding sectarian conflicts is resolved. Matter of legitimacy is to be taken into account, when organizations are to be established and/or have partnerships as any conflict among stakeholders may yield in further restraints for implying CSR and its initiatives.

In another study conducted by Tashman and Raelin (2013), the moral legitimacy concept in regard to stakeholder salience was not emphasized. The inconclusive results of the managerial actions and perceptions that are inadequate and are limited to some aspects that can be namely, rationality, opportunism, information asymmetry, and conflicting interests of the stakeholders (p.592). In their study, the power, legitimacy, urgency and other constructive variables (e.g. social variables) are argued and investigated thoroughly to the extent of environment for the stakeholders of organizations and involvement of various perception perspectives (i.e. regulative, normative, cultural institutions) (See Tashman and Raelin, 2013, p.597). Extensive studies and views lead to improvement of theories in regard to the stakeholder validity and its description. Informed stakeholders, who are aware of their role and its significance on business environment can benefit the managers in their processes.

5. Stakeholder Power and Iraqi Organizations

Stakeholder salience is inseparable of concerns around power (Mitchell et al. 1997; Agle et al. 1999; Driscoll and Starik 2004; Eesley and Lenox, 2006). Three distinctive organizational theories have been explained in a study conducted by Mitchell et al. (1997) that can be namely, agency theory, resource dependence, and transaction cost theories. Through the aforementioned theories, the importance and vitality of power and knowledge upon it can be revealed. This is while mere power and its recognition is not sufficient for an entity to be titled as stakeholder. In addition, the concept of power requires comprehensive understanding on the matter of organization and stakeholder interactions and communication. Power can be perceived differently based on the context of the stakeholders and their recognition by the management and managerial perception (Clarkson 1995; Greenley and Foxall 1997; Mitchell et al. 1997), the mutual significant relationship that exists and is dependent between organization and stakeholder (Freeman 1984; Freeman and Evan 1990; Hill and Jones 1992), and the perception on the vitality and significance of stakeholders’ influence on the long-term lasting of an organization (Freeman 1984; Frooman 1999; Eesley and Lenox 2006).

There are other theories upon the matter of power in the context of business law and business ethics. One of which can be social network theory, which network density and centrality are the determinants of power among businesses and their stakeholders (Rowley 1997; Driscoll and Starik 2004; Neville and Menguc 2006). In-depth understanding of various variables that are influential in this subject is beneficial for managers and organizations in relation to their interactions with their stakeholders and other communities. Iraqi managers should acquire sufficient knowledge and awareness of different aspects of this matter and therefore, create atmospheres in their organizations that not only covers stakeholders and their interest but exceeds from the norms and enables the society to improve through its endeavor. For developing market of Iraq, the legitimacy issues and concerns are to be highlighted and considered as the country looks for an adequate bedrock for long-term sustainability. There are other aspects of power within the context of organization-stakeholder relationship, which knowing them can be of use for managers and decision-makers of firms (See Fassin, 2012; Tashman and Raelin, 2013).

There are a number of studies, which state power can be described and understood through networking of stakeholders (Driscoll and Starik 2004; Neville and Menguc 2006; Carroll, A., & Buchholtz, A., 2014) and it is influential for businesses. This can be a form of description for organization or mobilization in its context. A company can have more face-to-face power through development of centrality of network (Rowly, 1997; Batty, 2016) and with increasing density and interactions within a network with stakeholders, the firms can be more reliable in responding to stakeholders’ needs (Miles, 2017). Stakeholders can affect the organization and the process of decision-making (Hoffman, 1999). Therefore, it is necessary for managers to be aware of stakeholders needs and deviations (if any) for better controlling the functions of the firm. This in return can benefit the managers and enable them to reply and respond more thoroughly and promptly to the stakeholders. In addition, this enables
the managers to be able to provide sound communications. Entrepreneurs of Iraq and managers of companies can greatly benefit their organizations as well as their surroundings on a long-term and sustainable basis by applying such methods in their firms and the communications with their respective stakeholders. This can result in higher response rate from the stakeholders and thus, increasing the attractiveness of Iraqi business ethics and laws and regulations for foreign investors or parties to be involved. There is a high potential for Iraqi market and in particular Erbil to establish bedrocks for international businesses and international CSR practices alongside global norms for business ethics and responsibilities in regard to society, nation and other parties. This concept can be seen from an array of perspective such as legitimacy unorganized parties or entities such as mafia, criminal syndicates or terrorist groups, which are organized but do not possess any legitimacy. On the other hand there can be other entities, which do possess legitimacy. However, they do not pose as organization (e.g. workplace rights for women). This is while our study strictly looks into the matter of CSR within the body of business law and social business ethics.

6. International CSR and Iraq as Case Study

It is established that organizations have responsibilities beyond simply meeting stakeholders’ expectations in the context of business nowadays. Within CSR practices, acknowledgement of attending to various interests and/or demands of several groups (e.g. staff, stakeholders) can be challenging (Carrol, 1979; Freeman et al., 2010; Oates and Kloot, 2013). Issues surrounding the matter of societal dimensions of CSR practices can be considered as a relatively new concern among scholars as well as ethical matters of business (Reiman et al., 2012; Roloff, 2008a). This concern explicitly expands on a global basis. Firms are now being shifted towards managing the stakeholders and in regard to their perspectives and salience attributes and their interests (Parent and Deephouse, 2008; Iraqi Ministry of Foreign Affairs, 2018).

New methods of partnership with stakeholders are based on network, relation-oriented, and process-oriented. This is different than the corporate-centric approach, in which stakeholders are deemed as to be managed (Crane and Ruebottom 2011; Steurer 2006; Roloff 2008a, b; Neville and Menguc 2006). The process of prioritization of interests among stakeholders can be another challenge, which businesses and firms face. This creates difficulty for firms in regards to their responsibilities (Oates and Kloot 2013; Roloff 2008b; Steurer 2006). Hence, some groups of stakeholders with lower powers (e.g. local communities) need to possess or acquire specific salience attributes for achieving results from their interests and/or demands. This can be from sharing benefits, resources and allocations, as well as human right concerns (Erdiaw-Kwasie, 2017). In a model presented by Mitchell et al. (1997), vital stakeholder typology salience attributes were categorized into three distinctive groups that are namely, power, legitimacy, and urgency. It can be drawn from the existing literature that those stakeholders with higher ranges of power or legitimacy are more likely to receive faster response from the firms in regard to their demands compared to other stakeholders (Currie et al., 2009; Parent and Deephouse, 2007; Erdiaw-Kwasie, 2017). As CSR calls business owners and organizations to step forward from normative regulations that are required, Iraq with high potential of growth in the region, must emphasize on this matter and the implementation of CSR practices in newly opened firms. Utilizing various means such as, “cause marketing” (Forbes, 2010), can represent that firms have taken initiatives to create positive impacts and thus, creating value added for the firm as well as positive reputation (Perez, A, 2015). It has been stated through the literature that the CSR practices, if implemented appropriately, can lead to higher levels of corporate reputation (Aksak. E. O. et al., 2016). This can be achieved merely through practical implementation of such practices. Managers, entrepreneurs, and shareholders can apply CSR practices on an abrasion-flow within their companies to achieve sustainability and sustainable development within their respective organizations (Doh et al., 2015; Kolk, 2016; Lu et al., 2017).

There is a consensus upon the matter of communications among organizations and communities. This communication needs shifting from a one-way approach to a two-sided communication and interaction among parties. Seemingly, proper, and sound consultation for informing the local communities of required attributes are absent. This is when corporate-driven development is significantly emphasized, which leads to a deterioration that is identified through a study conducted by Erdiaw-Kwasie et al. (2014b). Therefore, the companies and organizations can be initiators of this vital communication in the context of CSR and its implementation within organizational level. Practical CSR can greatly benefit the organizations. Despite the aforementioned notes, it can be said that framework for this efforts and initiatives by organizations is not defined (Porter and Kramer, 2011). This leads to a deviation towards periphery as companies’ mindsets on their social responsibilities is dim, which leads to societal issues (e.g. social risks, sharing of benefits, community participation, human rights, social impact assessment, grievance control mechanisms) falling out from the core of business. Furthermore, the stakeholders may also lack the attributes that are prerequisite for surveilling or assuring the implementation of sustainable social practices that leads to higher performance levels by the organizations (Azlan et al., 2013; Erdiaw-Kwasie et al., 2014c). These issues and challenges in company-stakeholder relationship consequents in negative outcomes of CSR and weakening its effects in the corporate-community partnership and the level of its performance.

7. Social Performance CSR (SP-CSR)

In SP-CSR model, foundations of how the society as empowerment, and business as sustainable social performance can act as sources of information and sound data for a partnership that is mutual. This can have a significant and positive effect on the practices of CSR and subsequently their results (Erdiaw-Kwasie, 2017).
8.1 Empowerment can be interpreted as a necessary power for the accomplishment of a specific goal, which can be a force of pressure upon decision-makers for structuring policies. These policies can affect the citizens in regard to their quality of life (Saegaert, 2006). Those who bear the duties can be affected and deviated by the individuals or groups who possess power. This deviation can be against or not in the same direction as the interests of those in duty (Weber, 1946). According to Narayan (2002), empowerment can be defined as assets and capabilities being expanded for those “poor people” to be able to negotiate, control, influence and have a level of participation with those institutions, which can be held accountable and have impacts on their respective lives.

It has been stated that empowerment, if properly established, can lead to an effective communication and interaction, from which the needs of people can be met and henceforth, their lives gain a better a quality (Sidorenko, 2006). This will lead the communities to have a higher competency level as well as an increase in local capacity (Buss et al. 2011; Laverack 2001). Higher competency level for the community is an indicator of sufficient and effective problem solving initiatives by the community (Anderson et al., 2002). Complementary to community competency, community capacity can be defined as abilities and the formation of relationships and behaviors as well as values that individuals, groups and/or organizations can follow – based on their tasks and regardless of their level in the society – to improve themselves for achieving objectives and goals in a period of time (Ogilvie et al., 2003). Empowerment seeks to shift the place of decision-making process to the locals. This is while local communities have ongoing and seemingly constant struggle with the businesses in regards to their demands. Development and emergence of empowerment can lead to progress within social identity (Crane and Ruebottom, 2011). Factors such as, access to information, inclusion/participation and local capacity building are/or can be present if empowerment have prevailed through their efforts.

8.2 Sustainable Social Performance is the method, from which companies treat their stakeholders and is from and within their ethical norms (Rossouw, 2005). Such companies, where ethics and ethical matters are emphasized, show sensitivity and interest in their stakeholders and is prioritized. These are resembled through their CSR practices, which includes engagement, commitment, social impact and assessment, and human rights activities. It is also stated that CSR can be defined as essential mean through the interactions and communications among company and its stakeholders (Holme and Watts, 2000). Values, attitudes and behaviors of the stakeholders are to be known and dealt with by the organizations through their relationship and their response rate towards the interest of stakeholders (Pedersen, 2006). Despite the fact that the businesses have recognized the vitality of stakeholders (communities) for the firms in regard to the success and lasting (sustainability) of corporations, there is an ongoing struggle for fully grasping the meaning of these concepts alongside implementing such practices in a practical way (Kemp and Vanclay, 2013; Buxton and Wilson, 2013). Acquiring proper attitude towards social performance activities is a necessity for businesses as improper behavior may lead communities (local) to resent consultation (Esteves and Vanclay, 2009; Roloff, 2008a; UNPFII, 2005). Creation of engagement features between companies and communities and stakeholders can have various aspects that can be namely, communication, transparency, collaboration, integrity and inclusiveness (See MCMPR, 2005). This can lead to supporting locals, and/or those people whom can be deemed as vulnerable (Esteves et al., 2012).

8. Corporate – Community Linkage

Businesses and their interactions with the society and the impacts of companies on environmental aspects and sustainability has taken an increasing slope over the past few years (Linnenluecke and Griffiths, 2010). This concern covers all aspects of organizations from employment standards, opportunity provision, diversity, and to carbon emissions and environmental impacts. Through advancements of internet and social media(s), businesses and firms face challenges almost spontaneously regarding their actions by judgements and criticism, which arises from society and civic unions and including NGOs (Yaziji and Doh, 2009). Reports and pressure from communities and their socially responsible investments are among the challenges of current century for organizations in regard to their ethical standards and subsequently ethical performance. It has been noted that businesses currently operate within demanding and sophisticated markets and legitimacy issues are in a significant level at this stage (FitzGerald and Cormack, 2006; Porter and Kramer, 2011). The linkage between corporations and communities leads to profit-making, risk management, opportunity provision and resource-proper-allocation. This can greatly benefit Iraqi people through their social and economic development. Especially since Iraq has been facing a reformation and constant change in the past decade in its body of laws and regulations in regard to businesses, investment, and other sectors such as tourism (Iraqi Central Bank, 2017; Iraqi Ministry of Planning, 2017).

9. Global CSR and Voluntarism

Over the course of the last decade, global movements towards CSR initiatives and voluntary actions have seen a significant increase. The process of understanding all aspects of these actions and practices is dim and complex whether from academic view or practical perspective of communities in regard to the behavioral impacts. The scholars such as (e.g. Bartley, 2007; Sagafi-Nejad, 2008; Waddock, 2008; Arevalo, 2017) have discussed this aspect thoroughly. It has been stated that various corporations have now pledged to CSR practices, in particular, principle/certification/report based practices on the basis of UN Global Compact (ISO 14001) (Behnam and MacLean, 2011). Application and implementation of CSR practices are in relation to the understanding of management on the supply and demand situations. There can be several indicators and influential factors such as, advertisement, R&D, size, diversity, income (consumers), labor market, and company stage (Orlitzky et al. 2011;
McWilliams and Siegel 2001; Siegel and Vitaliano 2007). Understanding the means of CSR is vital for managers as well as scholars for grasping the meaning and implementation methods based on a voluntary strategic CSR (Orlitzky et al., 2011; Husted and Salazar, 2006). Global movements and voluntarism on the phenomenon of CSR is strictly in relation with the capabilities and competencies of the implied methods within organization (Arevalo, 2017; Lim and Tsutsui, 2012; Husted and Salazar, 2006).

Voluntary CSR is engaged and initiated when a firm performs activities, which benefit its social agenda and they are being the restrictions and/or regulations of law. This can be expanded through global CSR on a spectrum of responsibilities for firms in regard to suppliers, distributors, partners, and sovereign nations and their actions (Davis et al., 2008). The CSR community is now under the emergence of leaders, NGOs, communities, businesses, and academic firms (Gjolberg, 2009). The aforementioned emergence has resulted in sound and solid norms for CSR practices (i.e. standards, codes and principles) that can be reached through reports, certifying, accreditations, consultation, investment, multi-sector, and networks (See Waddock, 2008). In this context, the UN Global Impact has made policies for organizations to strategize their functions based on the universal principles that are approved for human rights, labor, anti-corruption and environmentally-related actions (UNGC, 2012). Global Compact has now 12819 members from across the world, from which a number of 8328 are considered as active businesses who are participants in GC (UNGC, 2015). This platform enables firms for learning and interactions in relation to CSR issues and subsequently its principles and their implementations. Organizations’ commitment to the GC is assessed through a communication on progress (COP) that is posted annually for transparency and accountability. This is vital for the initiative to be able to develop itself and yield in positive outcomes (UNGC, 2010).

10. Methodology

The objective of this study was to address the issues of Iraqi system and in particular, implementation and maintenance of CSR within organizations with regard to ethics and ethical norms. For this, answering the following question of ‘to what extent CSR is implied within the Iraqi system?’ and ‘how to further encourage firms to undertake CSR on a greater level in Iraq?’ are vital. This doctrine research consists of extensive review on the literature for this approach is deemed appropriate. In addition, personal contacts have been made with several organizations for additional data. This allowed the researcher to have firsthand information was gather through the conduction of this paper, the market of Iraq faces severe challenges due to political instability that resides in the country. However, there is a lack of investigation upon the matter, when it comes to the Middle Eastern region and in particular, Iraq.

A total number of 15 different organizations with approximate number of over 100 employees in each firm were observed and a number of managers and authorities were made contact with to better understand to what extent CSR practices were applied within their firms. Additionally, extensive review upon the literature was conducted to better grasp the essence and importance of the matter at hand. Furthermore, CSR practices are now being motivated by the government and respective authorities as well as amongst the international companies that are based in Iraq and more specifically in the Kurdistan Region of Iraq. It is noteworthy that the aforementioned gathering was gathered by the researcher through informal interviews with authorities in Iraqi government. As new opportunities arise within the context of businesses in Iraq, concerns on societal dimensions of CSR has to be thoroughly understood and appropriate decisions are to be made. Existence of sectarian conflicts has become a major obstacle for reformation and proper implementation of policies and does not allow managers of firms to freely imply new strategies within their firms. However, in the cities that were included in current studies, there are considerable number of organizations that are functioning normally. It is important to note that the extent of international functions are relatively lower, when compared to local. Erbil and Baghdad are cities that the observations as well as in-person conversations with relevant authorities were undertaken.

Strategic CSR would improve the Corporate Social Performance (CSP) and consequently the firm itself would enjoy an increase in its Financial Performance (FP). The mentioned process is the main agenda for a company who desire to approach its business socially responsible and this agenda is extremely extensive, which numerous academicians have contributed reviews to this context (Margolis and Walsh 2003; Margolis et al. 2007; Orlitzky et al. 2011). This is an important note as managers of Iraqi market can understand the importance of CSR and its practices and the extent of which they are implied within the organization. Both financial and social performance of the firm can be enhanced and improved upon the basis of proper implementation of CSR practices and initiatives within the firm and its strategy as a value towards self and the society that it is functioning in. As it was observed through the conduction of this paper, the market of Iraq faces severe challenges due to political instability that resides in the country. However, there is a lack of investigation upon the matter, when it comes to the Middle Eastern region and in particular, Iraq.

11. Discussion Upon Iraqi Case

Motivating CSR practices among firms can and is beneficial for the company itself in relation to its reputation as well as the business of the firm, which via these practices can take a more sustainable basis. In addition, campaigns for encouraging these aspects are useful and can be implemented by bigger organizations and/or governmental firms that can be a stimulus for others as well as increasing the awareness of managers and stakeholders upon this matter. Such campaigns can have various forms and shapes, ranging from community involvement programs, food waste schemes; children care campaigns for education, and health; economic campaigns for communities; water concerns; workers and labor quality of life; promotion for nonprofit organizations; equity programs for farmers; and environmentally-friendly programs for better understanding of...
various aspects. This leads to relatively higher attributes of social theories and their application/implementation within business bedrock of Iraq. Thus, enabling sustainability to be promoted while education is provided and regulations are issued. As a result, economic situation of firms will be developed through the implication of CSR practices. Needless to say, this will benefit the company in short-term and long-term periods. Notwithstanding, managers can comply with social theories and academic findings that CSR practices have actual, vivid impacts, which are considered positive and significant and thus, via abrasion have these practices implied and fully functioning in their respective firms.

Iraqi managers, entrepreneurs, and shareholders can apply CSR practices on an abrasion-flow within their companies to achieve sustainability (Lu et al., 2017), reputation (Perez, 2015), economic growth (Kolk, 2016). This yields in more positive outcomes such as acquiring social marketing, and increasing the level of profitability (Zakari, 2017). For the fast-growing and emerging market of Iraq, social aspects of business in the concept of business laws and ethics, is an area of concern, which requires attention and awareness. Post-war Iraq is developing and this has been vivid over the past decade. This was extended to the point that Erbil was identified as Arab tourism capital in 2014 (Department of Information Technology and Department of Media and Information, Iraq, KRG, 2018). As a developing country, Iraq needs solid bedrocks in regard to laws and regulations as well as common laws, which encourage CSR and its practices to be implemented for a better foundation to be prepared for future generations. In addition, and as previously mentioned in this paper, it is a crucial matter to understand various aspects of this matter for business owners as well as entrepreneurs. The implementation of internationally known and accepted practices of CSR within a company alongside well-established communications and interactions with stakeholders can lead to a sustainable growth for the company. This expands to the borders of increasing profit-making and having more effective social impacts pact with environmentally friendly practices, which creates a good image and better reputation for the company. This research have intended to have create a better understanding for Iraqi managers to comply with and implement CSR practices based on scientific and global methods to further enhance the path of development for the country.

12. Conclusion

The current paper looked into the matter of CSR and its initiatives with regard to ethical norms in the context of Iraq. More specifically, cities of Erbil and Baghdad were observed in terms of organizations and their extent of implementation of CSR. As it was observed through the conduction of this paper, the market of Iraq faces severe challenges due to political instability that resides in the country. Although this has posed a threat towards the Iraqi market and organizations in general, both cities of this study are major in Iraq and are vital for overall economic performance of the country. As Erbil and Baghdad are cities that contribute to the economy of Iraq on a great scale (Gunter, 2011), firms functioning in these cities have relatively improved on a more significant level, compared to other cities. This has enabled a number of organizations to take action regarding movement towards globalization and thus, implement CSR initiatives and other forms of development schemes such as, sustainable development and green initiatives. Regardless of the issues and challenges that managers of Iraqi organizations face on a daily basis from both political and economic aspects, significant movement has been observed throughout the conduction of current paper. Managers have shown a tendency towards moving towards globalization and they are keen to improve in that direction. Issues regarding stakeholders, claims and court proceedings may take months or be disrupted by other occurrences. As per the objectives of this research, for CSR and its practices to be fully implemented within Iraqi system, it is imperative that current situation regarding sectarian conflicts is resolved. It has been also found throughout the conduction of this paper that the sectarian conflicts arise often among stakeholders. However, the degree of the conflicts commonly is not severe and is dealt with on an internal manner. That being said, the issues currently risen within the governing body of Iraq may have drastic impact on structure and reformation of Iraqi market system. The future remains unclear and ambiguous, while current state of these two major cities can be deduced as progressive despite the aforementioned issues. In particular, Erbil exhibits promising state of business market due to large number of investments in the recent years. Conclusively, managers of businesses in Iraq can imply modern means of CSR initiatives and implement CSR within their strategies to reshape and meet the standards of globalized markets that are highly competitive. This makes the subject an imperative for sustained development within the country.

13. Study Limitations and Recommendations

There were various obstacles for conduction of this paper. Firstly, the timely manner of this paper, which was followed by the lack firsthand data on the topic in the region of Middle East and in particular Iraq led the research to face a number of limits. However, in-person observations and unstructured meetings were conducted by the researcher with various authorities in Kurdistan Region of Iraq to better understand the concerns of decision-makers. However, lack of empirical studies and in-depth research on organizational level was vivid. Therefore, this research purposes for future studies to conduct empirical methods such as quantitative measures on the context of organizations and their stakeholders. This can be extended to other aspects such as organizations and their effects on societies or the extent to which organizations exceed their normative obligations and take deeper interest in their staff, missions, and societies and their environment. These factors can be investigated especially in the area of Middle East as there is no sufficient amount of data on this region. As most countries in Middle East and specifically Iraq are developing under a fast-pace process, understanding and thorough investigation on SRC as
well as their business ethics in regard to society must be fully implemented for future growth and sustainability. Hence, this study further suggests a comparative research to be conducted to be able to analyze the differences, which may exist among various countries of the region. This can greatly benefit the managers in regard to international and/or regional contracts and/or businesses.

References