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## **Corporate social responsibility and the challenge of triple bottom line integration: insights from the Lebanese context**

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**Abstract:** The notion of sustainability has been evolving and is increasingly understood to encompass considerations of economic viability, as well as environmental sustainability and social responsibility. This paper examines how linking these three legs of sustainability remains a challenge and explores empirically the performance of a sample of Lebanese organisations in the three strands of responsibility. The findings suggest that organisations in a developing country context report challenges in maintaining a sustainable performance on the three dimensions, respectively and that Triple Bottom Line (TBL) integration remains a distant aspiration. Recommendations for enhancing the sustainability performance of companies are provided as well as practical suggestions and insights into how to improve the prospects of TBL integration.

**Keywords:** Corporate Social Responsibility (CSR); economic-environmental-social dimensions.

**Reference** to this paper should be made as follows: Jamali, D., Mezher, T. and Bitar, H. (2006) 'Corporate social responsibility and the challenge of triple bottom line integration: insights from the Lebanese context', *Int. J. Environment and Sustainable Development*, Vol. 5, No. 4, pp.395–414.

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## 1 Introduction

Business corporations have traditionally been conceptualised as economic entities with the main responsibility for producing goods and providing services as efficiently as possible. With the advent of the sustainable development paradigm in the early 1980s, corporations began to move away from their narrow economic conception of responsibility and to make profound strategic adjustments in response to environmental pressures and changing societal expectations (Robinson, 2000). The 1990s have witnessed a new shift in paradigms inspired in part by a growing appreciation of the need to transition from environmental management to broader sustainability management. Organisations are generally more inclined today to broaden the basis of their performance evaluation from a short-term financial focus to include long-term social, environmental and economic impacts and value added (Hardjono and van Marrewijk, 2001). Hence, the conception of responsibility has gradually broadened in both theory and more enlightened practice to include the traditional economic function

(e.g. products, jobs, growth), but also environmental conservation and consideration of social impacts and public welfare. Yet despite a growing international consensus about a more holistic conceptualisation of Corporate Social Responsibility (CSR), the problem still faced by various organisations is the absence of a comprehensive management framework that would address, balance and integrate Triple Bottom Line (TBL) considerations. In this context, this paper provides a more precise delineation of the three strands of responsibility and explores the notion of TBL integration. This paper also examines empirically the sustainability performance of a sample of Lebanese organisations vis à vis the three strands of responsibility. Recommendations for enhancing the sustainability performance of companies as well as insights into how to improve the prospects of TBL integration are provided.

## **2 CSR and its three dimensions**

CSR is a concept that has attracted worldwide attention and acquired a new resonance in the global economy. Heightened interest in CSR in recent years has stemmed from the advent of globalisation and international trade, which have reflected in increased business complexity and new demands for enhanced transparency and corporate citizenship. Moreover, while governments have traditionally assumed sole responsibility for the improvement of the living conditions of the population, society's needs have exceeded the capabilities of governments to fulfil them. In this context, the spotlight is increasingly turning to focus on the role of business in society and progressive companies are seeking to differentiate themselves through engagement in what is referred to as CSR. The World Business Council for Sustainable Development (WBCSD) defines CSR as "the commitment of business to contribute to sustainable economic development, working with employees, their families and the local communities" (WBCSD, 2001). More generally, CSR is a comprehensive set of policies, practices and programmes that are integrated throughout business operations and decision-making processes and intended to ensure the company maximises the positive impacts of its operations on society or 'operating in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business' (BSR, 2003).

At the core of the CSR debate is the idea that companies are accountable for their actions not just formally to their owners but also in less well-defined ways to a group of wider key stakeholders. This view has become central to the management of corporate citizenship and social responsibility issues. Companies of various types are according attention and trying to provide a public account of their relations with employees, customers, business partners and governments, as well as the wider society and community (Logan, 2001). Also implied in the debate is the idea that the private sector is the dominant engine of growth – the principle creator of value and managerial resources and that it has an ethical obligation to contribute to economic growth and opportunity – equitable and sustainable. The private sector thus needs to accept its responsibility as a democratic partner in a world characterised by complexity and dwindling resources. CSR is therefore founded on a stronger recognition of the role of business in society, advocating the need for corporations to practice good governance and to contribute in innovative ways to their respective communities and societies.

Heightened interest in CSR has translated into growing concerns with how corporate responsibility performance is measured and reported. At the international level, there are an increasing number of codes of conduct and reporting standards being developed by business, government and Non-Governmental Organizations (NGOs). Some of the prominent contributions in this regard have come from the WBCSD, the Dow Jones Sustainability Group Index (DJSI) and the Global Reporting Initiative (GRI). The WBCSD has identified a number of core values as integral to CSR, namely human rights, employee rights, environmental protection, community development, supplier relations and stakeholder rights. The community is thus an integrated stakeholder from this perspective. The DJSI provides a global, rational and flexible index for benchmarking sustainability performance. It is intended to capture qualitative non-financial criteria through its corporate economic, environmental and social sustainability criteria, which have been identified based on widely accepted standards, best practice and audit procedures. The GRI is a multistakeholder international undertaking that has been working since its inception in 1997 on designing a common framework for reporting on the linked economic, environmental and social dimensions of sustainability. The economic dimension includes the reduction of operating costs through systematic management, labour productivity, expenditures on research and development and investments in training and other forms of human capital. The environmental component addresses primarily the impacts of processes, products and service on the environment, biodiversity and human health while the social element encompasses workplace health and safety, working conditions, human rights issues and labour rights (GRI, 2003; Knoepfel, 2001).

While these various initiatives combine to suggest that the corporate responsibility debate today is broad-ranging, there seems to be an evolving consensus on the critical importance of attending to the economic, environmental and social dimensions of CSR (Table 1).

**Table 1** Key dimensions of CSR

<i>Dimension</i>	<i>Description</i>	<i>Example</i>
Economic	Moving beyond conventional financial accounting by according attention to new measures of wealth such as the human/intellectual capital that firms develop	Reducing the cost of doing business through rigorous business integrity policies Increasing productivity through a motivated workforce
Environmental	Studying the implications of resource consumption, energy use and the effects of the firm on ecological integrity	Environmental policy; environmental audits and management systems and environmental liabilities
Social	Maximising the positive impacts of a firm's operations on broader society	Issues of public health, social justice and inter and intra organisational equity

*Source:* Knoepfel (2001) and GRI (2003).

The economic dimension refers to financial viability. It encompasses issues of competitiveness, job and market creation and long-term profitability. Economic sustainability is increasingly understood to refer to generating added value in a wider sense, rather than conventional financial accounting. The economic and financial aspects of sustainability therefore may encompass (ICC, 2002; Lantos, 2001):

- satisfying customers with goods and services of real value
- reducing the cost of doing business and attracting new business through rigorous business integrity policies
- increasing productivity through a motivated workforce
- earning a fair return on the funds entrusted to the corporation by its investors and
- offering opportunity for inclusion in socially responsible investment indices.

The environmental dimension focuses on an organisation's impact on living and non-living natural systems, including ecosystems, land, air and water. Environmental responsibility involves more than compliance with all applicable government regulations or even initiatives such as recycling or energy efficiency. It involves a comprehensive approach to a company's operations, products and facilities that includes assessing business products, processes and services; eliminating waste and emissions; maximising the efficiency and productivity of all assets and resources; and minimising practices that might adversely affect the enjoyment of the planet's resources by future generations.

The social dimension of CSR or the new strand of corporate sustainability centres on the impact of the organisation on the social systems within which it operates. The expectations of diverse groups of internal and external stakeholders as well as interest groups comprising civil society are genuinely considered and skillfully balanced. The social bottom line incorporates issues of public health, community issues, public controversies, skills and education, social justice, workplace safety, working conditions, human/labour rights and equal opportunity.

Sustainability therefore is currently used to refer to a company's ability to maintain and demonstrate a positive economic, environmental and social performance over the long-term. Notwithstanding the compelling message of the TBL, the economic performance of a company is still critical to its viability and continuity and thus still features as a basic core dimension of CSR. But being socially responsible is increasingly understood to also involve environmental stewardship and active societal involvement and concern (Windsor, 2001). The challenge therefore facing organisations today is to shift their priorities toward more holistic performance assessment models that encompass measures related to both multiple stakeholders and responsibilities.

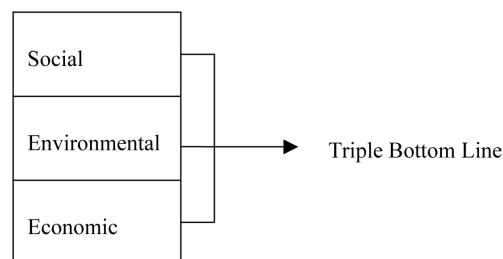
### **3 TBL integration**

The TBL approach pioneered by the Institute of Social and Ethical Accountability emphasises that companies are responsible for multiple impacts on society, with associated bottom lines. TBL as it is evolving is a systematic approach to managing the complete set of a company's responsibilities. At its narrowest, the term is used to refer to a framework for measuring and reporting corporate performance against economic, social and environmental parameters. At its broadest, the term is used to capture the whole set of values, issues and processes that companies must address in order to maximise the positive impacts of their activities and generate added economic, social and environmental value (Elkington, 1999).

The TBL approach is grounded in the simple realisation that corporations can add value and should publicly account along three drivers, namely the economic, the environmental and the social drivers. Traditional economic indicators have persisted

including typical performance measures such as net profit, gross margin and return on average capital employed. Much progress has been made in recent years in evolving high quality global environmental standards (e.g. quantity of main pollutants to air, land and water, management systems and eco-labels) but social reporting is still in its infancy with a range of diverse indicators grouped under the social dimension (e.g. health and safety, wages, training, discrimination, freedom of association and gender equality). The TBL approach therefore looks at how corporations manage all three responsibilities (Figure 1) and attempts to account for these inter-related spheres of activity for a more balanced view of overall corporate performance (McDonough and Braungart, 2002; Panapanaan, 2002; Sauvante, 2002).

**Figure 1** TBL integration



Measurement in the context of the TBL however remains complex and nebulous. While a great number of measurement systems quantifying some of the areas of the TBL exist today, creating a single figure effectively integrating all three aspects of sustainability performance has proven extremely challenging (Isaksson and Garvare, 2003). What is commonly used are three indicators of economic, environmental and social performance, even if adding up each area is sometimes perceived as challenging/complicated in itself (Isaksson and Garvare, 2003). There is thus, an implicit claim in the TBL concept that social and environmental performance need to be tracked and reported in similar ways to financial performance (Norman and McDonald, 2003).

Hence, while the appeal of TBL integration cannot be discounted – reminding managers of ecological and social equity concerns and the need to report on measures of performance other than just financial ones – there is till date no precise management framework that provides for linking these fundamental, yet seemingly disparate pillars of sustainability (GRI, 2003). This is despite accumulating evidence that the ability to report verifiable information on all three aspects of sustainability is likely to become the *sine qua non* of competitive advantage. As Elkington (1999) argues:

“Environmental reporting is now well established, as of course is financial reporting. But further challenges lie ahead for companies looking to evaluate social indicators in such areas as community, employee and supplier relationships. The pressure for accountability, together with the significant expense of producing the data, will develop powerful pressures towards the integration of financial, social and environmental accounting and reporting...Companies – and their stakeholders – will have no option but to address this emerging triple bottom line.”

The question therefore facing organisations is whether TBL integration is practically feasible and what can be realistically suggested to enhance the process. While it is clear that organisations need to broaden the basis of performance evaluation from a short-term

financial focus to include long-term social, environmental and economic impacts and value added, information on TBL sustainability management remains scant and nebulous. Hence, the pressing need to conduct empirical studies to gauge sustainability performance in different contexts and identify trends/patterns, as well as gaps to bridge in the pursuit of TBL integration.

#### 4 Research methodology

A study was initiated in the Lebanese context aiming at investigating the sustainability performance of a sample of Lebanese organisations by gathering information on their economic, environmental and social practices. The choice of the Lebanese context is interesting, given the Western centric nature of academic publication on the topic. Kisenyi and Gray (1998) observe in this respect that “whilst we are steadily learning more about social and environmental accounting and disclosure practices in the English speaking and European countries, we still know too little about practices in ex-colonial, smaller and/or emerging countries” and a variety of scholars concur accordingly that the need for CSR studies is acute in developing countries (Belal, 2001; Gray and Gray et al., 1996; Kouhy, 1998).

The study was divided into three stages. The first stage involved the development of a questionnaire that tackles the three dimensions of CSR. The questionnaire builds on the sustainability guidelines of the GRI and DJSI while also accounting for country-specific peculiarities. A preliminary pilot questionnaire was administered to select local organisations that are actively involved in CSR, tapping into their basic values, policies and practices, their management of social issues and the wider contributions to community development and resolution of social/environmental problems. A refined and longer version of the questionnaire was then devised and adopted for this study. Table 2 outlines the main contents of the two questionnaires. Sample questionnaire items can be found in Appendix I.

**Table 2** Scope of questionnaires

<i>Details about the organisation</i>	
<i>Pilot questionnaire</i>	<i>Revised questionnaire</i>
<i>Economic dimension</i>	
Corporate governance and organisational policy	Corporate governance and organisational policy
Strategic planning	Risk and crisis management
Supply chain management	Supply chain management
Investor relations	Investor relations
Scorecards/measurement systems	
<i>Environmental dimension</i>	
Environmental management	Environmental management
Advanced environmental management	Advanced environmental management
Product design for the environment	Product design for the environment

**Table 2** Scope of questionnaires (continued)

<i>Details about the organisation</i>	
<i>Pilot questionnaire</i>	<i>Revised questionnaire</i>
<i>Social dimension</i>	
	Human capital indicators
	Management attention to human resources
	Workforce capabilities
Employee satisfaction	Employee satisfaction
	Remuneration, benefits, flexible work schemes
Codes of conduct/compliance/corruption and bribery	Codes of conduct/compliance/corruption and bribery
Customer relationship management	Customer relationship management
External stakeholders	
Community involvement	Community involvement
	Organisational learning

In the second phase, the questionnaire was administered to a sample of Lebanese firms, operating in different fields. Despite assurances of confidentiality, only 41 Lebanese firms participated in the study and completed the questionnaire. The distribution of the sample is shown in Table 3. Although 41 companies do not represent a large sample, the firms that participated in the study were of different sizes as shown in Table 4. The respondent companies were also drawn from different Lebanese geographical locations, thus providing assurance that the obtained results reflect the general Lebanese practices and not just those of companies located in the Capital, Beirut.

**Table 3** Composition of the sample

<i>Sector</i>	<i>No. of surveyed companies</i>
Food and beverage manufacturing	7
Financial (8 banks; 2 insurances firms)	10
Construction (5 contracting; 2 consulting firms)	7
Medical (all hospitals)	8
Communications	9

**Table 4** Sizes of companies included in the sample

<i>Size</i>	<i>Frequency</i>	<i>Relative frequency (%)</i>
Small (<50 employees)	10	24
Medium (51–500 employees)	20	49
Large (>500 employees)	11	27

The third stage entailed analysis of survey results. In the analysis, statistical tools were used to calculate and tabulate parameters considered helpful in interpreting the survey answers. The analysis was conducted at two levels: the general level that gives an idea



about the behaviour of the Lebanese companies in general and the sector level attempting to track similarities and differences in the sustainability behaviours of different sectors. The relationship between a company's size and its sustainability behaviours was also investigated in the analysis. The findings are then discussed and practical suggestions for helping companies in meeting the sustainability challenge and improving the prospects of TBL integration delineated.

## 5 Research findings

The findings were compiled both at the aggregate level for the entire sample as well as at the sector level. Total and per sector percentages were compiled by averaging the corresponding percentage of companies giving positive responses to each of the area-related questions. The findings were tabulated separately for each dimension (Tables 5–7) as well as aggregated for the entire sample in Table 8.

**Table 5** Economic dimension breakdown versus percentage of companies exhibiting CSR behaviour per sector

	<i>Food</i>	<i>Financial</i>	<i>Building</i>	<i>Medical</i>	<i>Communications</i>	<i>Total</i>
Vision and mission statement	57	40	14	88	33	46
CSR report	43	10	14	0	22	17
Corporate governance and organisation policy	50	25	14	44	28	32
Systematic internal incidents reporting	86	70	71	88	78	78
External communication regarding internal incidents	71	40	71	75	67	63
Risk and crisis management	79	55	71	81	72	71
Guidelines for evaluation of key suppliers	86	40	43	88	89	68
Supply chain management	86	40	43	88	89	68
Percentage of shares held by socially responsible investors	14	30	14	63	22	29
Investor relations	14	30	14	63	22	29
Total economic dimension	57	38	36	69	53	50

**Table 6** Environmental dimension breakdown versus percentage of companies exhibiting CSR behaviour per sector

	<i>Food</i>	<i>Financial</i>	<i>Building</i>	<i>Medical</i>	<i>Communications</i>	<i>Total</i>
Corporate environmental policy	29	0	43	38	22	24
Defined environmental targets	57	0	29	13	0	17
Environmental management	43	0	36	25	11	21
Reporting of environmental information	43	0	29	50	11	24
ISO 14001 or EMAS	0	0	0	0	11	2
Advanced environmental management	21	0	14	25	11	13
Programs to minimise environmental impacts of packaging, distribution, use and disposal of products	29	10	29	25	44	27
Environmental risk assessment for products	29	0	57	38	44	32
Disassembly, reuse or recycling	43	0	71	25	44	34
Product design for the environment	33	3	52	29	44	31
Total environmental dimension	33	1	34	26	22	22

**Table 7** Social dimension breakdown versus percentage of companies exhibiting CSR behaviour per sector

	<i>Food</i>	<i>Financial</i>	<i>Building</i>	<i>Medical</i>	<i>Communications</i>	<i>Total</i>
Equal opportunities for men and women	100	100	86	100	100	98
System to collect and handle employee complaints	71	80	71	75	89	78
Public endorsement of charters/frameworks	14	20	29	63	33	32
Human capital indicators	62	67	62	79	74	69
Human resources strategy	71	60	71	88	89	76
Attention to human resources	71	60	71	88	89	76
More than half the employees receiving regular training	57	80	71	88	67	73

**Table 7** Social dimension breakdown versus percentage of companies exhibiting CSR behaviour per sector (continued)

	<i>Food</i>	<i>Financial</i>	<i>Building</i>	<i>Medical</i>	<i>Communications</i>	<i>Total</i>
More than half the employees receiving specific training	43	90	43	100	44	66
Workforce capabilities	50	85	57	94	56	70
Benchmark employee satisfaction	57	60	86	75	89	73
Employee satisfaction survey publicly available	14	0	14	13	11	10
Employee satisfaction	36	30	50	44	50	41
Employee benefits	100	100	86	100	78	93
Health and safety plan	71	70	57	100	56	71
Benefits, health and safety	86	85	71	100	67	82
Defined codes of conduct	57	100	57	100	100	85
Codes of conduct/ compliance/corruption and bribery	57	100	57	100	100	85
Centralised customers database	86	80	86	100	100	90
Regular tracking of the satisfaction of one or more stakeholders	57	60	100	100	100	83
Customer relationship management	71	70	93	100	100	87
Community giving and activities	71	70	86	75	56	71
Community involvement	71	70	86	75	56	71
Knowledge management systems	43	40	14	63	44	41
Tools to manage organisational learning	57	80	86	88	100	83
Organisational learning	50	60	50	75	72	62
Total social dimension	62	70	66	84	74	71

**Table 8** Industrial sector versus percentage of companies exhibiting CSR behaviour

<i>Industrial sector</i>	<i>Economic dimension</i>	<i>Environmental dimension</i>	<i>Social dimension</i>	<i>Corporate social responsibility</i>
Food	57	33	62	50
Financial	38	01	70	36
Building	36	34	66	45
Medical	69	26	84	60
Communications	53	22	74	50
Total	50	22	71	48

### 5.1 *Findings pertaining to the economic dimension*

Table 5 summarises the general level and the sector level findings pertaining to the economic dimension of CSR. As revealed in Table 5, only 50% of the surveyed Lebanese companies can be considered to have a responsible economic sustainability performance. Moreover, Table 5 illustrates that although the medical sector companies seem to be the most responsible among surveyed sectors with respect to the economic dimension, their responsibility is still limited to less than 70% of the surveyed companies in this field. In addition Table 5 shows that the least economically responsible behaviours are in the building and financial sectors where the percentages of responsible companies are limited to 36% and 38%, respectively. It is important to note that limited economic responsibility in the sense used in this paper is not equivalent to limited profitability, but rather modest attention accorded to sustainability policy related issues and supplier and investor relations.

The findings obtained with regard to the economic dimension of CSR whether on the general or sector level were not surprising. In view of contextual realities and pressing economic pressures in the post-war period in Lebanon (post-1990), the percentage of Lebanese companies behaving in a responsible way in regard to the economic dimension was not expected to be high. On the sector level, it was expected that corporations that belong to the medical sector would show highest responsibility because of continuous and mounting pressures to meet accreditation requirements. Moreover, it was expected that companies belonging to sectors that seek to establish themselves in international markets namely food and communications sectors would show more economic responsible behaviours than other sectors.

### 5.2 *Findings pertaining to the environmental dimension*

To summarise the general level and the sector level findings of the environmental dimension, Table 6 was compiled using the same methodology. Table 6 shows that only 22% of the Lebanese companies are environmentally responsible. The financial sector companies seem to accord the least attention to environmental responsibility because only 1% of surveyed financial institutions indicated/reported some environmentally responsible behaviours. Moreover, Table 6 reveals that in sectors exhibiting highest environmental responsibility namely building and food sectors, the environmental responsibility is still modest, whereby only 34% and 33% of the surveyed firms in these sectors reported environmentally responsible behaviours, respectively. Findings in the medical and in the communications sectors are also within the same range whereby the percentages of companies reporting environmental responsibility in these sectors were limited to 26% and 22%, respectively.

General and sector level findings were not far from expectations. Companies in a country still struggling to recover from 15 years of civil war are not expected to accord high priority to environmental issues. Regarding the sectoral breakdown, it was expected that industries whose activities directly affect the scarce natural resources, namely the building and food sectors will be more involved in environmental issues than other sectors. Likewise, the environmental involvement of companies belonging to the medical and communications sectors was expected to be less than those belonging to the building and food sectors because their environmental concerns tend to be limited, revolving around issues of waste treatment and eco-efficiency.

### 5.3 Findings pertaining to the social dimension

Following the same methodology, Table 7 summarises the general level and sector level findings for the social dimension. As illustrated in Table 7, 71% of the surveyed Lebanese companies can be considered socially responsible. Moreover, the social sustainability performance of the various sectors is generally comparable, with the medical sector reporting a slightly higher social sustainability performance. The higher than average social responsibility in the medical sector may be due to the nature of services provided, requiring a skilled workforce and excellent customer relationship management.

### 5.4 Aggregate findings

Table 8 was further compiled showing the total and per sector percentages of companies that behave according to CSR guidelines for the entire sample. According to Table 8, only 48% of the surveyed Lebanese companies behave in a sustainable manner vis a vis all three aspects of responsibility. Table 8 also suggests that TBL integration has been most successful in the medical sector, implying reasonable attention accorded by hospitals to the three strands of responsibility but least successful in the financial sector, given the overlook of environmental issues/concerns in this sector.

### 5.5 Findings pertaining to the effect of size

As illustrated in Table 9, sustainable and responsible behaviours in each of the three dimensions increase as the size of the company increases. Hence, in the surveyed sample, larger companies seem more involved in CSR issues and more successful at balancing the three strands of responsibility than smaller ones.

**Table 9** Percentage of different sized companies behaving responsibly vis a vis the three dimensions

	<i>Small</i>	<i>Medium</i>	<i>Large</i>
Economic dimension	44	44	56
Environmental dimension	18	22	24
Social dimension	65	71	75
CSR	42	46	52

## 6 Discussion of findings

Demands for companies to adopt sustainability practices have been increasing. As stakeholders gain greater ability to mobilise their resources, they are likely to exert more pressure on companies to balance TBL considerations. There is little doubt that the CSR wagon has started moving and no company is immune to the forces and pressures that this movement is likely to entail. Ironically, however, evidence from around the world increasingly suggests that the biggest and the most reputable companies have perhaps moved the farthest to implement responsibility management systems and make them more transparent (Waddock et al., 2002).

Demands for responsibility behaviour and disclosure in the Lebanese context have similarly been on the rise in recent years, in view of the reactivated capital market and the influx of foreign investors in the wake of the war demanding more sophisticated forms of corporate disclosure. These post-war trends, coupled with greater awareness of the adverse environmental impact of industrial development and the rise of various organised pressure groups (e.g. Green Line; Green Peace) have translated in recent years into increasing demands for responsible behaviour and transparent social disclosure.

Evidence from the Lebanese context seems consistent with the literature, in the sense that our findings suggest that as companies grow in size, they exert more systematic efforts in each responsibility area, as well as at balancing TBL considerations. The positive correlation between size and CSR activities is commonly reported in the literature (e.g. Abreu et al., 2005; Luetkenhorst, 2004). Moreover, our findings suggest that different sustainability strands are of varying concern to businesses, depending on the industry in which they exist. Banks for example are not as concerned with environmental issues as is the building sector. Likewise, the medical sector is considerably more absorbed with the social strand of responsibility than is the food sector.

Although both social and environmental strategies tend to be difficult to enact – given the long-time horizons and uncertainty of impacts that are often difficult to quantify – Lebanese organisations seem to be exhibiting better performance in the social strand of sustainability. This is consistent with a tradition of philanthropic giving that is well entrenched in Lebanon as well as religious influences stemming from various charity and stewardship principles, requiring businesses to act as stewards/caretakers not only of their financial resources, but also of societal resources and less fortunate societal members. The religious motive in CSR in general and philanthropy in specific has similarly been touched upon by various authors (e.g. Hemingway and MacLagan, 2004).

Despite this finding, evidence from the Lebanese context generally suggests that awareness of and engagement in CSR is still limited at best in different sectors/industries. In this light, there is definite added value in accounting for contextual realities in discussions of CSR and TBL integration. Lebanese companies have just recently regained focus after a protracted civil war that lasted for 15 years (1975–1990). With the advent of globalisation, the priorities of different sectors seem focused on increased competitiveness rather than sustainability. This is also consistent with the findings of Fulop et al. (2000), who report that CSR is considered a less pressing concern for firms in Hungary in view of salient survival issues. While competitiveness and sustainability can be reconciled in practice, such awareness and reorientation takes much time and experimentation to build up.

The findings also suggest that TBL remains a distant aspiration in the Lebanese context. While the medical sector is exhibiting good performance vis a vis the three strands of responsibility, for the majority of organisations, the sustainability drivers and their causal relationships and linkages remain confusing. There is also the added challenge relating to the quantification of the impacts of various initiatives – economic, social and environmental – on overall corporate profitability. Effectively evaluating the trade-offs that ultimately must be made demands more complete information than is typically available to local managers about these relationships.

## 7 Practical recommendations and insights

Simple practical suggestions can be synthesised and addressed to company managers seeking to evolve responsibility management systems in facing the sustainability challenge. A starting point for sustainability management is the creation of a shared vision of sustainability. This entails making a serious commitment to responsible practice through a well-articulated sustainability vision and associated values. The formulation of the vision should rely on a participative policy making process, eliciting the contribution and involvement of a wide pool of organisational members. The vision is intended to express managerial commitment for expanded responsibility objectives, including financial, social and environmental targets (Waddock et al., 2002).

An active stakeholder engagement process is also important in facing the sustainability challenge. The aim is to build consensus around the company's values and vision of sustainability and identify win-win solutions. This involves actively seeking the feedback and inputs of relevant stakeholders and engaging in continuing dialogue to ensure that their interests and concerns have been genuinely considered, balanced and reflected and are also steering the organisation in the desired sustainability directions (Meppem and Gill, 1998). The dialogue with these parties will be vital in gaining ownership and commitment to the way forward.

Translating vision into reality requires in turn the integration of the responsibility vision into strategies, practices and measurement systems. Institutionalisation depends on a long-term commitment to systemic change, communication and training, as well as the introduction of appropriate incentives and measurement systems. New forms of measurement and assessment may include product life cycle reviews and social audits, to help companies better understand the environmental and social characteristics of their business activities. In the light of such varied assessment, companies may choose to adjust their capital investment in new technologies, their product/process design or their R&D spending to face the sustainability challenge (Espstein and Roy, 2001).

At all points, the challenge for organisations is to learn from what has been done in the past and use that learning to make improvements. The question of 'what corrective action is needed' can be addressed only with adequate information, shared internally and used to make management decisions. Progress needs to be highlighted and problems identified and fed back to relevant stakeholders to generate new learning, improvements and remediation (Jamali, 2006). Involving managers and external stakeholders in progress reviews and communications and decisions on course adjustment is evidently important and will ensure that successes and accomplishments are reinforced and institutionalised over time.

## 8 Concluding remarks

The notion of sustainability has gradually broadened in theory and more enlightened practice, to include economic responsibility as well as environmental and social stewardship. Because corporate behaviour is so critical to the realisation of environmental and social goals, such as environmental protection, equal opportunity, worker safety and health, two new dimensions have been gradually integrated in the

traditional corporate performance debate. Corporations from this perspective have a triple responsibility: a responsibility to the market, a responsibility to the environment and a responsibility to the general public and society.

While the appeal of TBL integration cannot be discounted, findings from the Lebanese context suggest that the effective reconciliation of the three legs of sustainability remains a challenge. Depending on the nature of the industry, corporations seem to be according attention to one of the strands of responsibility at the expense of others. Few companies are exerting a systematic effort in all three directions and our findings suggest that the likelihood of an effective TBL integration increases as the size of a company increases.

The problem faced in the Lebanese and other contexts is the absence of a precise management framework that provides for the linking of these fundamental, yet seemingly disparate pillars of sustainability and for reconciling traditional financial performance with environmental and social contributions. More research is needed to clarify the drivers of sustainability and their causal relationships/linkages. There is also a need to evolve guidelines that can help companies in the quantification of impacts of various initiatives (economic/environmental/social) and in the assessment of trade-offs that could potentially entail in the pursuit of TBL integration.

In the meantime, the paper has outlined simple and practical suggestions addressed to progressive managers seeking to face the sustainability challenge. These suggestions derived from the literature revolve around evolving a sustainability vision addressing the three strands of responsibility and signalling management commitment to sustainability and TBL integration, engaging a wide array of internal and external stakeholders in sustainability management and also importantly, the institutionalisation of sustainability into daily operations through communication, training, incentives, new measurement and assessment systems and an ongoing learning propensity.

A final remark pertains to the need to conduct more empirical research relating to sustainability, particularly in the context of developing countries. The flagrant scarcity of research on sustainability in general and CSR and TBL integration in developing countries certainly deserves more attention and remediation. While the sustainability and responsibility themes have acquired global resonance in recent years, contextual realities and national cultures are important intervening variables that may affect companies in their pursuit of TBL integration. These issues are fascinating and deserving further attention and investigation.

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## Appendix I

### *Sample questionnaire items*

#### *Economic dimension*

This first section, *economic dimension*, is focused on investigating the economic performance of the organisation, including corporate governance and organisational policy, risk and crisis management, investment practices and relationship with suppliers.

#### *Corporate governance and organisational policy*

\*Does your organisation issue a Vision and Mission Statement including economic, environmental and social goals?

- ☐ Yes
- ☐ No

\*Does your organisation issue a CSR report?

- ☐ Yes
- ☐ No

If yes, what does it include?

- ☐ Commitment to targets
- ☐ Acknowledgements of successes and failures
- ☐ Performance against benchmarks (e.g. previous years' performance, specified targets and/or industry sector norms)
- ☐ Major challenges for the organisation in integrating responsibilities for financial performance with those for economic, environmental and social performance, along with the implications for future business strategy
- ☐ Specified generally applicable environmental performance indicators
- ☐ Selected organisation-specific environmental performance indicators
- ☐ Selected economic performance indicators
- ☐ Selected social performance indicators

#### *Environmental dimension*

This section, *environmental dimension*, is intended to examine the environmental performance of the organisation. It is mainly focused on identifying the environmental management practices of the organisation, such as environmental certification and monitoring of environmental data and whether the organisation is integrating environmental considerations into product design.

*Environmental management*

\*Has your company adopted a corporate environmental policy? (whether stand alone or integrated into a broader policy statement). Please refer to the policy or indicate where it can be found.

- ☐ Yes, documented in \_\_\_\_\_
- ☐ No
- ☐ Not applicable
- ☐ Not known

If yes, please indicate whether this policy applies to:

- ☐ Company's own operations
- ☐ Environmental impacts of products and services
- ☐ Suppliers and service providers (e.g. contractors)
- ☐ Other key business partners \_\_\_\_\_
- ☐ Not applicable
- ☐ Not known

*Advanced environmental management*

\*Are any parts of your organisation certified to International Organisation for Standardisation (ISO) 14001 or Environmental Management Audit Scheme (EMAS)?

- ☐ Yes
- ☐ No
- ☐ Not applicable
- ☐ Not known

\*How frequently environmental information (e.g. emissions to air, water, land, resource consumption, accidents) reported by operations/business units to corporate-level is relevant?

- ☐ Monthly
- ☐ Quarterly
- ☐ Yearly
- ☐ Irregularly
- ☐ Not reported as yet
- ☐ Not applicable
- ☐ Not known

### *Social dimension*

Section 3, *social dimension*, is intended to assess the social performance of the organisation. It focuses mainly on the areas of human resources management, employee satisfaction and remuneration and relationships with customers. It also invokes the area of ethics, mainly corruption and bribery and codes of conduct. Finally, it tries to investigate any involvement of the organisation in community programs and/or organisational learning programs.

### *Management attention to human resources*

\*Does your company have a documented Human Resources strategy agreed by the CEO and the top management?

- ☐ Yes
- ☐ No
- ☐ Not applicable
- ☐ Not known

### *Community involvement*

\*Is your organisation involved in any local community activities?

- ☐ Yes
- ☐ No
- ☐ Not applicable
- ☐ Not known

If yes, please specify the nature of the activity.