

Views of Community on Social Responsibility of Companies Working in Rural Areas

Hamood Al-Nofli¹, Rashid Al-Busaidi¹, Mahad Baawain^{2*}, B S Choudri², Khalifa Al-Fazari¹,
Khalifa Al-Zeidi²

Abstract

Recently, the Al-Wusta region in Oman has become very important area for corporate sector because of the establishment of Special Economic Zone in Duqm in the year 2011. Community views collected on social responsibility of companies working in the Al-Wusta region through questionnaire survey across four Wilayats. About 1150 residents randomly interviewed focused on the concerns related to social responsibility of companies in the region. Results of survey indicated that companies working in the area seem to have low level of reputation among locals and companies do not prefer locally produced products such as meat, fish, vegetables as well as other social resources available for renting of buildings and cars for their routine use. There are also strong views that companies are hiring more foreign workers over locals, it is important that companies need to balance such hire providing the needed skills, particularly local youths. Importantly, the study identified that community in the region would like to know more about the companies, their programmes and engagement through awareness and capacity building programmes. Overall, the study suggest that there is a need to build the gap between citizens and companies in order to achieve sustainable development goals.

Keywords: Stakeholders, Rural Development, Corporate Social Responsibility, Oman

Introduction

In many parts of the world, profit making has become an important strategy for most of companies and its shareholders. The concept of development and society has been relatively discussed in view of possible impacts of operating companies on both the environment and the society (Berenbeim, 1987). While companies do routine business, sometimes they take decisions that would help them to increase and maximize their performance with little concern on possible effect on the surrounding environment and its possible impact on the future generations. This kind of organizations and companies tend to have a limited vision and perspective thinking about the society wellbeing and they are only focused about intended shortsighted profits (Epstein and Roy, 2001).

In general, most of companies existing in its natural environment focuses to help and satisfy the needs of specific customers by providing required segments. While doing such business, often companies should also be targeted profit margins for their own survival. However, many companies are likely missing out at this point of time is the concern for the society and their wellbeing with whom it is dealing (Robin and Reidenbach). The immediate environment and the society comprises of all the stakeholders such as community, publics, public pressure groups including suppliers, customers of companies as well as competitors. Therefore, the company or an organization has to manage their relationships with these stakeholders in an effective and ethical manner to create trust through credibility and transparency in its actions (Christensen et al., 2007; Vertigans, 2011). Hence, it would take an extra step to companies in order to improve the community and the society wellbeing that would have a greater role in its long-term activity and the profits.

Over the past three decades, many companies and corporations around the world have addressed business ethics in number of ways with the introduction of compliance programs and managers.

¹ College of Arts and Social Sciences, Sultan Qaboos University, Oman

² Center for Environmental Studies and Research (CESAR), Sultan Qaboos University, Oman

They have also refined business ethics adding so-called board level ethics committees, the development of codes of conduct, the preparation and dissemination of policies, hiring of corporate social responsibility personnel and training programs of all kinds to achieve the goals of sustainable development. On the other hand, companies seeking profits have been setting up operations in developing countries as well for various reasons such as availability of cheaper labour, new avenues and greater access to resources, all of these factors ultimately set up an objective of increasing profits. Many of these companies, mostly in developing countries are rarely following ethical practices related to labour and environmental standards, leading to a global response from concerned stakeholders (Kapstein, 2001; Cragg and Greenbaum, 2002). In the operations of both public and private sectors, concerned stakeholders would like to know whether the programs funded and implemented are actually having the intended effect. This is very important because the focus will be on such programs, policies and projects as indicated to achieve the intended effect. However, on the other hand, it is also equally important to address questions such as how the programs could be improved, whether the programs are worthwhile, are there better alternatives, if there are unintended outcomes, and whether the program goals are appropriate and useful.

Keeping in mind the importance of the corporate sector in the region, a questionnaire survey was undertaken in the Al-Wusta governorate of Oman. The overall aim was to find out to what extent the basic objectives of social responsibilities have been fulfilled with respect to neighborliness and to put forward suggestions which contribute towards enhancing the role of social investment programs in the area by the companies in achieving its desired objectives of community development, conservation of resources and sustainability.

Study Area

The Governorate of Al-Wusta is located to the south of A'Dakhiliyah and A'Dhahirah Governorates (Figure 1). On the eastern side, it is adjacent to Arabian Sea, on the west with the Empty Quarter, to the South by the Dhofar Governorate. The Al-Wusta governorate occupies a large area in the middle of the Sultanate with an estimated area of 79,700 square kilometers. The Al-Wusta Governorate has four Wilayats (administrative areas); Haima, Duqm, Mahout and Al Jazer. The Haima is the capital city of Al-Wusta governorate with total population of 42,111 (NCSI, 2010). It is important to mention that as per the provision of Royal Decree, a Special Economic Zone in Duqm (SEZAD) has been established in the year 2011. The establishment of SEZAD crowns the great efforts made by the Sultanate to diversify sources of national economy towards achieving greater prosperity for the future.

Methodology

The assessment of citizen's perception on social responsibility of companies operating in the Al-Wusta region of Oman was done using questionnaires and participatory rural appraisal (PRA) along with interview of key stakeholders. These methods employ sampling in a logical attempt to assess the status of the responsibilities perceived by the local citizens (Boving et al 2012; Choudri et al 2013). The Participatory Rural Appraisal (PRA) involved citizens, local leaders, and administrators residing across the Wilayats of Al-Wusta Governorate. In order to gather the information through survey, questions related to operating companies in the region and their views related to reputation of companies among local community, employment opportunities, preference in buying local products, use of local resources and issues on awareness programs etc.

The survey was conducted in the year 2014 and basic information on the survey is provided in Table 1, which covered all Wilayats of Al-Wusta Governorate namely; Haima, Muhoot, Al-Jazer and Duqm. The total number of surveyed people were about 1150 with 57% in Duqm, 14% in Al-Jazer, 15% in Haima, and 14% in Muhoot. The survey study implemented through a random sampling of households and a walk-through in the area to meet the people and solicit their feedback. The survey team consisted of 10 data collectors and 2 supervisors. About 64% of the interviewed people were males while 36% were females. The education level of respondents was 22.3% illiterate, 23.9% read and write, 42.5% high school level, and 11.3% university level. The employments of the respondents can be classified as 30.9% public sector, 5.6% students, 6% private business, 26.9% unemployed, 11.9% private sector, 6.7% social security, 3.2% retired, and 8.5% housewife.

Table 1. Basic information of survey, Al-Wusta region, Oman

Wilayats, Al-Wusta Region	No. of Samples	Percentage
Al-Duqm	657	57.2
Al-Jazer	161	14
Haima	174	15.2
Mahout	156	13.6
Gender	No. of Samples	Percentage
Male	736	64
Female	414	36
Education Level	No. of Samples	Percentage
Illiterate	256	22.3
Read and write	275	23.9
General education	488	42.5
Academic and above	130	11.3

Data Analysis

After the survey, data collected from the questionnaires and Participatory Rural Appraisal (PRA) information were coded and entered into a database system using Microsoft Excel software for analysis using Statistical Package for Social Science (SPSS) to produce descriptive statistics. A number of analytical procedures were undertaken, namely; extraction of statistical frequencies and percentages, linking the variables in the questionnaires and extracting statistical correlations etc.

Results and Discussion

Reputation of companies among people and their consultation on projects

Reputation of companies working in a particular area forms an important part of business activities. In this regard, results are shown in Figure 2. It can be noticed that 50% of respondents opined that company do not have good reputation and only 14 % of them have a good opinion about operating companies in the region. About 23% of respondents stated they are not aware of companies and their reputation as related to them.

Further, a question on companies' consultation with local people about the planned projects, 53 % of them stated that companies do not consult local community and a very small percentage of people agree on this. Overall, it appears from the responses, community is not aware of companies' activities or companies may not be proactive in consulting the locals on their projects and its activities. It certainly means that companies should improve the working relationships among the local community through dialogue and meetings towards fostering the health partnerships.

Employment opportunity to locals

Regarding the engagement of local people through jobs in the companies shown in Figure 3. Results on this question showed that half the surveyed respondents stated companies do not employ locals. About 14% agree that companies hire locals and provide employment and 23% of respondents opined they are not aware about companies hiring and providing jobs to locals. In addition to this, a question on employment preference to foreigners over locals, about 50% of them agree that companies are employing foreigners and only 20% of them disagree on the same. Further, another 20% of respondents stated they are not aware of hiring foreigners over the locals. From the responses, it appears there are more number of foreigners being recruited over locals in the area; this might be attributed to lack of skills among the locals. Therefore, companies may need to consider developing skills among locals through social investment programs and subsequently hire them to work. Moreover, this will develop a more sustainable relationship between the companies and local environment.

Preference in buying locally produced products

Business companies considering priority on buying locally produced products is an important issue. A question asked on this and citizen responses are illustrated in Figure 4. It can be noticed from the results that 50% of respondents feel that operating companies do not buy local products such as meat, fish and other resources. Only 12% of respondents agree that companies buy local products for their requirements while 24

% of them are not aware on companies buying local products. It is important to note that most of the companies may be importing such items from other places or may not be interested in the local products considering the quality and quantity required by them.

Utilization of social resources at the local level

With regard to utilization of resources available within society by the companies in the region such as renting of buildings and cars is prime importance since companies do often use such resources towards meeting their routine requirements. Figure 5 provide result of responses related to use of buildings on rent at the local level by the companies. Results showed that 50% of locals said companies' donot rent local buildings and only 13% agree that companies sometime rent local buildings. Further, with regard to renting of local cars and other vehicles, again, half the respondents stated that companies' donot hire local cars on rent and a very small percentage of respondents agree that companies hire cars for their requirement. Lesser interest by the companies in renting local buildings and cars may be attributed to that companies may be having own vehicles and have set up own buildings in order cater their needs. However, companies may consider utilizing such resources available at the local level whereby it would provide an opportunity of economic benefits to locals.

Awareness about programs and social responsibility

Communication regarding business activities in a particular area matters a lot to community since community would like to know about the programs offered by the companies. With regard to community awareness on project activities and programs supported by the companies, the responses of citizens provided in Figure 6. It can be noticed from the figure that large percentage of community agree that there should be awareness about project activities and the programmes offered by the companies in the region. Only 17 % of respondents opined that awareness programs might not be required and about 19% do not have any idea whether there should be awareness programmes or not, this view could be attributed to lack of interest.

Further, responses on a question on what should be the social responsibility of companies operating in the region shown in Figure 7. According to analyzed results, majority of respondents stated that companies should consider launching of programs and initiatives that could greatly benefit to local community and the society. Overall, it appears that people in the region do not have in depth knowledge on programs of companies and seem to be limited number of activities restricted to certain areas in the region. Therefore, companies may need to consider extending programs that benefit large community and address the needy people in order to make their investments meaningful. Therefore, companies may need to consider extending programs that would benefit large community and address the needy people in order to make their investments meaningful.

Summary and conclusions

This study assessed the community views on social responsibility of companies working in the Al-Wusta region through questionnaire survey. The study interviewed 1150 residents across four Wilayats using random sampling. The survey results shown that very small percentage of citizens are aware about various companies operating in the region and majority of them stated that companies have weaker consultation among community towards implementation of their projects and programs. It is important that companies working in the area need to have engagement with local people so that citizens could be also part of decision-making.

Results also showed that companies donot prefer locally produced products such as meat, fish, vegetables as well as other social resources available such as renting of buildings and cars for their routine use. There are also strong views that companies are hiring more foreign workers over locals. It is important that companies need to balance such hiring providing the needed skills, particularly local youths. Importantly, the study identified that community in the region would like to know more about the companies, their programs and engagement through awareness and capacity building programs. Further, majority of respondents consider that companies programs should be focused on the community needs so that such programs and initiatives would benefit the larger group. Overall, the study shows that there is a need to build the gap between citizens and companies in order to achieve sustainable development goals.

Suggestions

This study provides the following broad suggestions based on the results analyzed from the survey;

- Local community suffer from lack of awareness towards the projects and programmes of the companies. Therefore, companies should consider increasing their awareness efforts.

- There is a need to conduct studies about people acceptance while implementing current and future projects in the area.
- It appears that there is a lack of communication between Duqm economic zone authority in the area and local community. Hence, communication department should be established in the authority to work on this issue.
- Other public authorities in the region should work with companies in each wilayat towards addressing social responsibility towards achieving sustainability of the businesses and to improve provided services.

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