

# Corporate Social Responsibility in Iran



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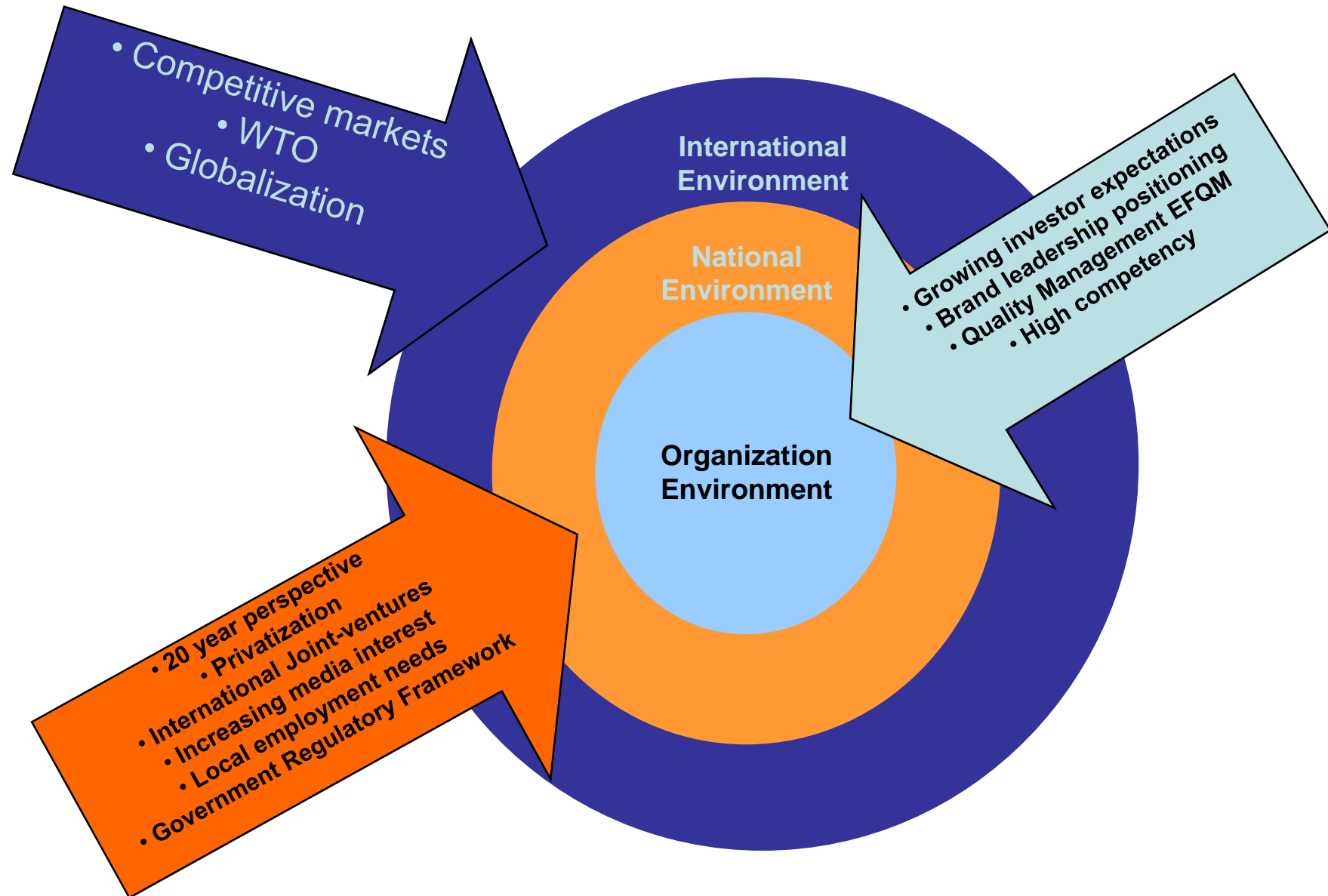
# What is CSR?

- CSR is about how companies manage the business processes to produce an overall positive impact on society.
- It revolves around the identification of the key stakeholders of the Organization and managing the business in such a way to have a positive impact on them.
- The key stakeholder categories usually include:
  - The Marketplace: Shareholders and customers
  - Leadership : Managers
  - The Workplace: Employees, Unions
  - The Environment: Government, NGOs
  - The Community: Local communities including the press

# Benefits of CSR

- The main benefit is to do with reputation and brand building.
- The key challenge is to quantify benefits.
- Unless CSR is looked at strategically, it could be argued that there is no justification in implementing it.

# CSR Drivers in Iran



# CSR in Iran (1)

- A misunderstood concept:
  - CSR is synonymous with philanthropy or sponsorship.
  - Strongly driven by media attention on disasters e.g. Earthquakes
  - Few companies align CSR with strategic objectives. (Those that do, do it mainly in the EFQM framework)
  - Deeply intertwined with religious belief (Khoms, Zakat, Vafgh).
  - Few companies understand the importance and role of employees in CSR. (Assistance during ill health, marriage or house purchase loans have traditionally figured among the support provided by employers)
  - The environment is seen as the main dimension of CSR. (Mainly due to government regulations)

# CSR in Iran (2)

- Results of the survey of 100 Iranian companies related to the meaning of CSR in Iran:
  - A new concept and not fully understood.
  - Minimum environmental activities.
  - Charity donations.
  - Job creation and retention.
  - Activities that lead to securing certificates such as EFQM and environmental.
  - Support for seminars and conferences.

# CSR in Iran (3)

Two parallel phenomena in Iran the existence of traditional frameworks for CSR parallel to the emergence of CSR as a modern concept. Undoubtedly, Iran is years away from the full implementation of a modern CSR framework in companies. However, the combination of a number of domestic and international processes, especially the country's desire to actively connect to the international business community through joint ventures and investments, has contributed to the inclusion of CSR in business decisions.

# Obstacles

- Charitable acts are always meant to remain confidential.
- Entrepreneurs and businesspeople in Iran are more focused on removing obstacles and achieving short-term goals rather than developing longer-term strategies.
- Private companies believe that the government should be responsible for sustainable development and lead in this field.
- The general lack of knowledge or awareness of CSR.
- Xenophobic and conspiracy-shaped mentality as far joint ventures or international CSR-related activities are concerned.

# CSR key player in Iran

## Government

- Ministry of Industries
- Ministry of Commerce
- Environment Organization
- Standard Organization
- Ministry of Labor
- Welfare Organization
- Stock Exchange Organization
- Sustainable Development Committee
- Strategic Research Center

## Civil Society

- Media
- Unions
- NGOs
- Universities and Research Institutes

## Corporations

- Major Automakers
- Public Stock Exchange
- Management Consultancy Firms
- Active in Competitive Markets
- SMEs

## International Organizations

- UNDP
- UNICEF
- UNIDO
- Regional Organization of Islamic Chamber of Commerce

# CSR Activities in Iran

Player	Activities
UN and International Organizations	<ul style="list-style-type: none"> <li>• Establish a National MDG Committee</li> <li>• Hold workshops for industrial and state managers about MDG</li> <li>• Training few volunteers on Global Compact</li> <li>• Publish pamphlets about MDG</li> <li>• Partnership between UNICEF and private sector in Iran</li> </ul>
Unions and Association	<ul style="list-style-type: none"> <li>• Hold first CSR conference in cooperation with UNDP ,World Bank and some MNC'S</li> <li>• Hold International Symposium on Business Ethics in the Age of Globalization</li> <li>• Hold training courses for Companies</li> <li>• Publish books about business ethics</li> </ul>
Government	<ul style="list-style-type: none"> <li>• Establish Institute for Productivity and Human Resources Development</li> <li>• National Productivity and Business Excellence Award (EFQM) in cooperation with Ministry of industries</li> <li>• Codify Social Accountability 8000 Standard</li> <li>• Establish policies on privilege, punishment, and empowerment of companies to consider environment issues</li> <li>• Establish sustainable development committee with partnership with all of ministries</li> <li>• Hold annual conference on green industries and corporations</li> <li>• Hold annual green film festival</li> <li>• Endow green award</li> <li>• Establish national environment conservation fund</li> <li>• Codify 'Good work' national program by ministry of labor</li> <li>• Ratification of guild law by ministry of commerce</li> <li>• Ratification of consumer protection law</li> <li>• National consumer protection rights award with partnership of ministry of commerce</li> <li>• Codification of corporate governance regulation by Tehran stock exchange</li> </ul>
Civil Society Media	<ul style="list-style-type: none"> <li>• Establish CSR Development Center</li> <li>• Activity of some Environment NGOs</li> <li>• Newspaper environment Award</li> <li>• Establish consumer rights union</li> <li>• Publish articles on CSR issues in newspapers and journals</li> </ul>
Corporations	<ul style="list-style-type: none"> <li>• publish CSR activities of 100 companies in framework of EFQM</li> <li>• Design an ethical charter for corporations</li> <li>• To consider consumer rights in framework of marketing</li> </ul>

# Examples of Domestic Company Activities (1)

- Pasargad Bank: (Prisoner Assistance)
- Mobarakeh Steel (Employer Assistance)
- Tak Makaron/UNICEF (Nutrition Improvement Program)
- Behrouz Food Industries/UNICEF (Tailoring Workshop for Deprived Women)
- Pakshoo/UNICEF (Support of Nurseries in deprived areas of Iran)

Providing Education facilities for 4500 children in 12 cities and 96 villages in corporation with UNICEF

DAMAVAND mineral water company Employee volunteering



Using the logo of UNICEF in product

Fundraising with 10cent Every person buy from supermarket

unicef 



من فقط با ۱۰۰ تومان کمک به یونیسف، خدمت‌رسانی به کودکان نازکشورم سهید

جهانی شایسته کودکان 



مسئولیت اجتماعی شرکت با عنوان  
یک استراتژی تجاری و برنامه ارتباطی

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*Corporate Social Responsibility Workshop for the Media*

۱۳ آذر ماه ۱۳۸۶  
(دوره اول)

دفتر سازمان ملل متحد  
تهران - بلوار شهرزاد



### با پشتیبالی:

شرکت تراپک

شرکت OMV

شرکت شهرکهای صنعتی ایران

گروه بین المللی سام اکسون

شرکت آبه بهار

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## Examples of Domestic Company Activities (2)

- Butan: (Code of Ethics, Support for Mehr-e-Tehran Charity)
- Saipa: (Planting of one tree for one car, Establishment of Ramezan Charity, Helping cancer victims, Helping victims of the Bam earthquake, Obtaining a variety of environmental certificates)
- Toulipers: (Recycling and waste management, Use of advanced production technologies, Helping a variety of charities)

## **Examples of Domestic Company Activities (3)**

- Tam Iran Khodro: Implementation of CSR within EFQM strategy, Cooperation with research institutes and universities, Provision of IT and other equipment to the Ministry of Education, Sponsorship of seminars)
- Kaveh: (Establishment of 3 committees to deal with Innovation, Education and Health & Safety)

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- Kaveh: (Establishment of 3 committees to deal with Innovation, Education and Health & Safety)
- Damavand/UNICEF: (Provision of educational facilities in 12 cities and 96 villages, Employee volunteer scheme)
- Sharvand/UNICEF: (Fundraising Scheme at the Till)
- CSRDC: (Journalism Workshop)

# Examples of Foreign Company Activities

- OMV: (Refurbishment and equipment of schools)
- Hydro: (Journalist visits to Norway, )
- Shell: (Provision of Educational grants to medical students, Construction of a children's facility in Bam, Internet connection to Ahvaz schools, Donation of footballs to Ahvaz schools)
- Statoil: (Ilam Football team invited to Norway, Provision of technical and educational courses to Oil & Gas managers, Training of Lifeguards for the IRIS)

# Examples of Foreign Company Activities (2)

- BP: (Publishing a sophisticated book on persian painting)
- BBC: (Provision of journalism Training to 15 Iranian reporters leading to the launch of the ZigZag website)

# International Case Studies (1)

- **British Petroleum:** Research into wind and solar energy technologies, Energy efficiency in buildings, Minimization of project impacts
- **ENI:** Carbon footprint reduction in refineries, Supplier code of ethics
- **Vodafone:** Connecting poor people in emerging markets, Mobile internet safety, SMS service to diabetics

## International Case Studies (2)

- Royal Dutch Shell: Carbon footprint reduction in refineries, Supplier code of ethics, Management reporting based on financial, social and environmental criteria
- HBOS: 20% of senior manager's bonuses is based on CSR goals, Mobile banking services, targets areas with adults with no bank accounts
- Lloyds: work-life balance, supplier code of ethics

# Points to Note

- CSR is a concept that is yet to be fully understood and appreciated.
- CSR cannot currently be seen as a key factor resulting in competitive advantage for foreign companies operating in Iran.
- A good reputation amongst key stakeholders in Iran can however lead to better relationships on existing contracts.
- The successful implementation of CSR activities requires effective communication and promotion as far as stakeholders are concerned. The CSR champion has to ensure this communication is undertaken through the right channels on a regular basis. An annual CSR report on Iran is the minimum effort that can be expended in this area.