

## Chapter 52

# Corporate Social Responsibility in the Bahraini Construction Companies

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### ABSTRACT

*The purpose of this study is to give a description of ethical business cultures in Bahraini construction companies. Construction companies in the Middle East are facing charges in terms of exploitation of workers and poor working conditions. The construction sector is one of the most dynamic in Bahrain, and its participation in national GDP is increasing. It is also the most important sector in the creation of jobs. Bahrain, as in the Gulf countries, employs a workforce from India and Asia, one of the lowest in the international labor market. This study analyzes the reality of the CSR in the construction sector and proposes some guidelines for the role of Bahraini stakeholders in the implementation of the social responsibility.*

### INTRODUCTION

The interest in the concept of corporate social responsibility (CSR) has increased in recent years, both theoretically in order to explain this, and operationally so as to develop performance indicators in the long term. The construction sector, particularly in the Gulf countries, has received attention as a research topic in CSR. Certainly, the growth and development of the economies of the Gulf in general are based on oil revenues, but the non-hydrocarbon activity will continue to be dynamic, in particular the construction and real estate sector has regained ground after being severely affected by the 2009 financial crisis. Growth in construction and real estate has spawned a wave of massive recruitment of Asian labor for labor positions require no qualifications or skills.

In recent years, Gulf countries are under much criticism by the organizations which works on protecting the rights of migrant workers. Although this is an international situation but it takes a special significance in the Gulf countries, especially UAE and Qatar, as they always have large construction

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projects. These countries are often put on the spot when it comes to denounce the conditions of workers in the construction sector. Workers in the construction sector are often face difficult working conditions. Despite the seriousness of laws and legislations organizing this sector, the conditions are so difficult that they can cause, according to international organizations, worker exploitation and abuse against them<sup>1</sup>.

In the kingdom of Bahrain, “the economic sector with the highest number of new work permits for regular workers continued (in 2014) to be the Construction sector with a share of 36.8% of total regular work permits issued, followed by Wholesale and retail trade achieving 20.2%, then Manufacturing sector at 11.4%.”<sup>2</sup>

This study will consider, in its first part, the concept of corporate social responsibility (CSR). In the second part, it will explore the government and company’s procedures to improve the work condition in the Bahraini construction sector.

## **1. THEORETICAL FRAMEWORK**

Theoretical research on business ethics developed in the 1960s at the request of stakeholders. Many theorists have taken part in this debate, contributed to the identification of the stakeholder’s attributes, and determined the reasons for their action (Anderson, 1978; Carroll, 1989; Clarkson, 1991, 1995; Egri & Herman, 2000; Freeman, 1984; Freeman & Reed, 1983; Goodpastor, 1991; Mitchell, Agle, & Wood, 1997; Rowley & Moldoveanu, 2003; Wood, 1994).

The principle of responsibility is an old legal principle and a new moral principle of our time. Formally, the word responsibility is not in contradiction with its etymology; it is always about the actions and decisions and their impact on others. Take responsibility, be responsible implies a willingness called sometimes engagement.

Operating in a globalized environment, companies are expected to adopt a clear and transparent approach of Social Responsibility.

For companies, CSR is, at the same time, a symbolic tool for legitimacy, a political tool to control or influence the very strong relationship between business and society, an economic tool favoring short and long-term results or a strategic tool for better integrating the company into its environment (Paone, 2009). Nevertheless, CSR is a voluntary approach and a free interpretation of the obligations that the company recognizes.

### **1.1. Emergence and Definition of the Concept**

Early research on CSR (1950s) has focused on the assessment of this phenomenon contours. The studies that followed the emergence of the concept sought to determine the responsibilities of the company towards the society.

Over 50 years, academics and practitioners have tried to understand and analyze the CSR. Several researchers have gained recognition for their scientific studies on CSR (Bowen, 1953; Carroll, 1979). Immediately, this concept became popular. The phenomenon has grown in importance over the years and now occupies its place at the heart of corporate strategy (Capron & Quairel-Lanoizelee, 2007).

Bowen insists that companies are vital centers of power and decision-making, and that their actions affect the lives of citizens in many areas. He concludes that companies are accountable for their actions

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