# Labour Rights as
# Corporate Social Responsibility

The Labour Rights Practices of Norwegian Companies
in the United Arab Emirates

**Kristina Furnes**

**Labour Rights as Corporate Social Responsibility: The Labour Rights Practices of Norwegian Companies in the United Arab Emirates**

An empirical study of Norwegian companies´ CSR practices in the area of labour rights in the United Arab Emirates.

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## Summary:

Norwegian companies are known as front-runners within Corporate Social Responsibility (CSR). They are well represented on the international CSR rankings. Over the last years, the Norwegian Government has launched a CSR policy, where it outlines expectations to Norwegian companies that operate abroad. The companies are expected to base their operations on human rights wherever they have activities. They are also expected to have high standards regarding labour rights, the environment and corruption. As such, the Government hopes that the Norwegian companies export "the Nordic welfare state" to their subsidiaries abroad. Norwegian Foreign Missions and Innovation Norway´s international offices are important instruments that the Government uses to promote the CSR policy towards Norwegian companies abroad.

In this thesis, I examine the labour rights practices of 7 Norwegian subsidiaries in the United Arab Emirates (UAE). It analyses whether the companies, through CSR, have higher standards than locally required in three areas of labour rights: Health, Safety and Environment, labour conditions and the right to organize, bargain collectively and strike. The thesis further examines three explanatory factors for the labour rights practices. The first one is internal steering by the parent companies in Norway. The second one is the Norwegian CSR policy as implemented and exercised by the Norwegian Embassy in the UAE. The third possible explanatory factor is the Norwegian CSR policy as implemented and exercised by the Innovation Norway office in the UAE. I also try to explain why the three factors influence the companies´ CSR practices in the area of labour rights differently.

I use Theory of Knowledge Transfer as Translation to examine the labour rights practices of the subsidiaries. In the area of Health, Safety and Environment, they go above the local standards and try to replicate the practices of their parent companies in Norway. In the area of labour conditions, all of the companies pay above minimum wage and provide decent accommodation. The subsidiaries also added several practices that are particularly relevant to the UAE context, like softer termination practices, or extra holiday money.  Regarding the right to organize, bargain collectively and strike, all of the subsidiaries omitted these rights because they are illegal. Instead, they used other practices, like performance appraisals, as an alternative to hear the opinions of their employees. However, only the very large companies had institutionalized such alternatives.

In my sample, only the first explanatory factor, internal steering by the parent companies, can explain the subsidiaries´ CSR practices in the area of labour rights. I use Hveem´s model to examine internal control, and find that the Norwegian parent companies have substantial hierarchical control regarding the labour rights practices of their subsidiaries in the UAE, particularly in the area of Health, Safety and Environment. I use Matland´s theory of experimental implementation and Hill & Hupe´s governance framework to examine how the Norwegian CSR policy is implemented and exercised by the Norwegian Embassy and the Innovation Norway office in the UAE. However, none of the subsidiaries I interviewed were influenced by the efforts of the Embassy and Innovation Norway office regarding their CSR practices in the area of labour rights. As such, the second and third explanatory factors did not have any effect. I argue that internal steering by the parent companies have an effect because of the authority it encompasses. The Embassy and Innovation Norway office, on the other hand, use the governance mode of persuasion when they promote the CSR policy and expectations of the Government. This mode does not encompass hierarchic authority, which I argue is why they do not have any effect on my sample. The public institutions are completely dependent on the will of the companies themselves.

I conclude by stating that the Norwegian companies in my sample do export the Nordic welfare state in the three areas of labour rights that I have examined.

**Forword:**

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I take the full responsibility for any errors.

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## Abbreviations:

| | |
|---|---|
| **ANT** | Actor Network Theory |
| **CEO** | Chief Executive Officer |
| **CSR** | Corporate Social Responsibility |
| **GRI** | Global Reporting Initiative |
| **HSE** | Health, Safety & Environment |
| **ILO** | International Labour Organization |
| **ISO** | International Organization for Standardization |
| **KTT** | Theory of Knowledge Transfer as Translation |
| **MEIA** | Middle East, India and Africa |
| **MFA** | Ministry of Foreign Affairs |
| **NGO** | Non Governmental Organization |
| **OECD** | Organization for Economic Co-operation and Development |
| **UAE** | United Arab Emirates |
| **UNGC** | United Nations Global Compact |

## Tables & Figures:

# CHAPTER 1

## 1.1 Introduction

For the last decades, Corporate Social Responsibility (CSR) has entrenched business communities in all corners of the globe. It is the so-called "business case" for CSR that has dominated most of the academic debate on the topic. Proponents of this field argue that CSR creates opportunities for marketing and branding, eliminates risks and promotes innovation (Midttun, 2013:31-33). Companies from the Nordic countries are known as frontrunners in adapting and expanding CSR practices. Still, relatively little focus has been given to CSR in political science. Research on the adaption of CSR in various contexts and cultures is also lacking (Jamali & Mirshak, 2007:244). A few years ago, the Norwegian Government launched a policy to promote CSR among Norwegian companies. A White Paper on CSR was published in 2009, where the Government´s CSR expectations to Norwegian companies were emphasized. The Government´s aim is to spread the Nordic welfare standards to other countries, through the CSR of Norwegian companies. At the same time, Norwegian companies have continued to expand their activities abroad. They are increasingly represented in foreign markets, where risks are higher and standards lower than back home. One of the foreign states where Norwegian business activities are continuing to expand is the United Arab Emirates (UAE). Because of low taxation and little regulations, the UAE has become an international business hub. It is estimated that between 100 and 300 Norwegian companies have business activities related to the country. At the same time, international human rights organizations report that businesses are responsible for severe labour rights abuses in the UAE. Many migrant workers have poor wages and live in substandard accommodation. Work related accidents are common and strikes are illegal.

This thesis is an attempt to examine the Norwegian companies´ CSR practices in the area of labour rights in the UAE. Do the companies bring their Norwegian business culture and standards to their operations in the UAE? This thesis will also analyse the Norwegian CSR policy, as implemented and exercised through the Norwegian Embassy and the Innovation Norway office in the UAE. Does the policy make Norwegian companies more socially responsible in the area of labour rights?

The aim of this Chapter is to give an overview of CSR, Norwegian CSR policy and the context in the United Arab Emirates. I start with a discussion of the history of CSR, where I look at neoliberalism and globalization as the pretext for the concept. I then present a definition of CSR. The Chapter continues to outline the most common international CSR initiatives today. I proceed to look at CSR practices in the Nordic countries and the Norwegian CSR policy. The Chapter then gives an overview of politics and society in the United Arab Emirates. I finish the Chapter by outlining my definitions and research question.

## 1.2 History of CSR

This section outlines the historical roots of CSR. I then present the neoliberal context that made CSR popular in the 1990s. I end by discussing what CSR is.

Business engagement in the community is not new. According to Carroll (2008:5), the concept as a modern phenomenon emerged in the 1950s with Howard R. Bowen´s book "Social Responsibilities of the Business man". He asked which responsibilities society can reasonably expect from companies. For the decades that followed, the concept was mainly associated with philanthropy (Carroll, 2008:6), though the meaning of CSR in the literature gradually expanded into management and hiring practices (Carroll, 2008:7-11). Today, CSR encompasses all activities and relationships of businesses and how they affect their social and environmental surroundings.

### 1.2.1 Neoliberalism and Globalization

A CSR boom emerged in the 1990s (Midttun, 2013:19). The neoliberal policies of the 1970s and 1980s, spearheaded by the United States and the United Kingdom, is an important backdrop for the interest in CSR at the time (Midttun, 2013:20). Neoliberalism prefers market mechanisms and private solutions over public solutions to economic challenges in the society (Mydske, Claes & Lie, 2007:362). It changed the business environment dramatically. During the first decades after the Second World War, the economic system in Western Europe, and especially in Scandinavia, was characterized by a socially anchored liberalism that combined the marked economy with an active state. States developed welfare systems, a mixed economy and a large public sector (Hveem & Østerud, 2007:346). However, in the 1970s and 80s, neoliberalism enjoyed an unprecedented boost, leading to privatization, attempts to limit the government and free trade in more sectors (Midttun, 2013:20; Hveem &

Østerud, 2007:345). CSR represented, at the time, an emerging trend where profit maximization should not only be constrained by regulations. Global companies also adopted voluntary social and environmental agendas. Some believed these efforts civilized capitalism, others thought CSR merely represented PR campaigns to divert attention from corruption and exploitation (Midttun, 2013:19-20). The neoliberal policies resulted in economic globalization. The original liberalist idea was to replace direct state engagement with regulation. However, the globalized market put obstacles in their way (Midttun, 3013:21). Businesses would simply move their production to the cheapest or less regulated state. As such, neoliberalism limited government´s ability to regulate transnational companies, leading to increased social costs and higher insecurity (Hveem & Østerud, 2007:347).

The result was a gap in governance and a regulatory vacuum in the globalized economy (Midttun, 2013:21). The neoliberal policies were widely criticized during the economically volatile years of the 1990s (Midttun, 2013:21). Civil society demanded more responsible businesses (Hveem & Østerud, 2007:347), and massive protests against globalization took place (Gjølberg, 2009:608). The public reactions were aimed at the industry itself, which had to justify and explain their contribution to society (Midttun, 2013:22). CSR was one response to this demand (Midttun, 2013:22; Gjølberg, 2009:608; Carroll, 2008:12); it strived to establish a balance between the benefits of an open market and the social costs that such openness created (Gjølberg, 2009:607-608). CSR became central to the business agenda. It aimed to bridge market and society.

**1.2.2 What is CSR?**
There are many definitions of Corporate Social Responsibility. Closely related concepts like sustainability, corporate responsibility and corporate governance are sometimes used interchangeably. However, CSR is the leading concept in the current discourse (Benn & Bolton, 2011). There is no agreed-upon definition, partly because CSR highlights different aspects in different industries. Elkington introduced the "triple bottom line" (Figure 1.1), a concept that serves as an illustration of what CSR can encompass. According to the idea, companies have duties that surpass economic aspects (Granum Carson, 2015:192). The economic bottom line is a common term for a company´s balance between income and expenses. To retain a sustainable economic development in the long run, the income of the company has to surpass it´s expenses. In such a situation, the company is above the bottom

line. According to Elkington, companies also have to be above the bottom line in two additional areas - the society and the environment. The societal bottom line, for example, is about the company´s effect on human beings. Internal aspects can be labour rights or discrimination. Today, many companies report on their effect on the society and the environment in addition to the economic aspect (Granum Carson, 2015:193 – 195).

**Figure 1.1: An illustration of Elkington´s triple bottom line**
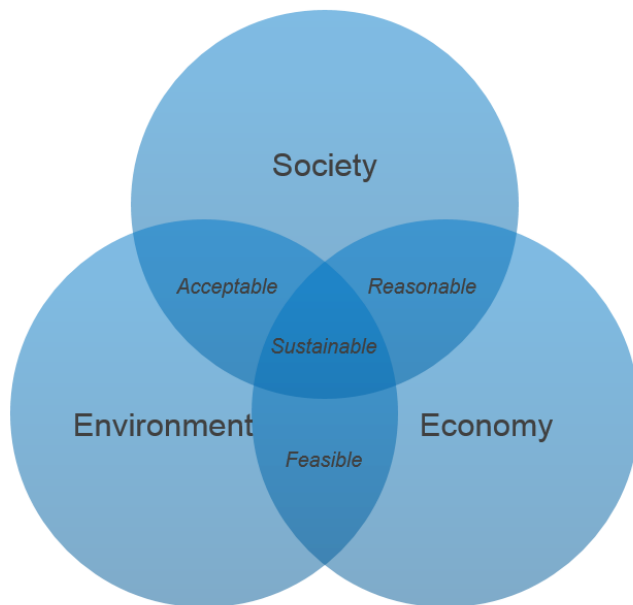


Though some companies still view CSR as philanthropy, the current trend is that CSR mainly concerns business activities. The core of CSR is the responsibilities that companies should accept for people, society and the environment, affected by it´s operations or relations (Ministry of Foreign Affairs, 2009). Companies that are serious about their responsibility integrate CSR in all aspects of their business management. They anchor CSR in the board and top management as well as their supply chain. However, the specific CSR practices vary in different industries. According to White Paper nr. 10 (Ministry of Foreign Affairs, 2009), respect for human rights and basic labour rights, decent working conditions, incorporating environmental concerns, fighting corruption and as much transparency as possible are main elements of CSR. The document defines CSR as "integrating social and environmental concerns into the day-to-day operations, as well as in the dealings with stakeholders. CSR means what companies do on a voluntary basis beyond complying with existing legislation and rules in the country in which they are operating" (Ministry of Foreign Affairs, 2009:8).

For the purpose of this thesis, CSR will be understood as the voluntary responsibility that Norwegian companies take in their operations, activities and relations in the area of labour rights. Environmental concerns, corruption and transparency issues are beyond the scope of my analysis.

### 1.3 International CSR initiatives

There has been a massive increase in the number of companies that publish non-financial reports, which focus on social and environmental challenges (Ditlev-Simonsen, 2014:192). Such reporting started in the 1990s as a response to pressure by stakeholders like investors and the public (Brun & Thornam, 2013:89). While the format and content of the report may vary between businesses, it is increasingly common to use international standards. Companies have further engaged in various voluntary initiatives, which outline certain guidelines that the companies commit to. I will briefly account for the most common initiatives below.

The UN Global Compact (UNGC) was established in 2000. It is the most widespread CSR initiative, with approximately 12 000 engaged companies and organizations from 145 countries (Ditlev-Simonsen, 2014:196). UNGC lists 10 universally accepted principles that committed companies should build their operations and strategies upon. They cover human rights, environmental issues and the fight against corruption. The principles mention employment standards. Companies must respect freedom of organization and collective bargaining and abolish forced labour and child labour. Businesses can join the UNGC simply by signing and confirming that they will implement the principles, and must report annually about improvements (Ditlev-Simonsen, 2014:196). The Global Reporting Initiative (GRI) is a framework for non-financial sustainability reporting. It was developed in 2000 to make CSR reporting a serious matter for companies and to provide real information to stakeholders (Midttun, Gjølberg, Kourula, Sweet & Vallentin, 2013:93). GRI reports include values and governance models as well as information about economic, environmental and social impacts caused by the company´s activities. Norwegian companies are well represented in both the UNGC and the GRI initiatives (Ditlev-Simonsen, 2014:198).

ISO2600 is a manual on how to operate in a socially responsible way, which was launched in 2010. It is not only made for businesses, but also for public institutions (Ditlev-Simonsen,

2014:197).  ISO 26000 provides guidance rather than requirements, and shares best practices with it´s members (Ditlev-Simonsen, 2014:198). The Organization for Economic Co-operation and Development (OECD) developed their first set of CSR guidelines in 1976. The Guidelines are voluntary recommendations to multinational companies. The goal is that the companies create sustainable development through their business activities. The guidelines include the International Labour Organization´s (ILO) core Conventions, respect for human rights, environmental protection, combating corruption and consumer protection. All of OECDs member states must promote the guidelines, and establish Contact Points. Contact Points are bodies that assess whether the Guidelines are breached. They promote implementation of the Guidelines and facilitate resolution of related conflicts (Ministry of Foreign Affairs, 2009:60-61).

In 2011, the UN Guiding Principles for Business and Human Rights were published. The public commitment to human rights among companies has increased over the last decade (Taylor, 2013:241). However, international human rights law mainly puts obligations on states towards their citizens. The UN Guiding Principles offered, for the first time, a clear theory of independent business responsibility for human rights. They were widely endorsed (Taylor, 2013:241). One pillar of the Guidelines is the state responsibility to protect humans from abuses by companies. Another pillar is business responsibility (Taylor, 2013: 244-247). They must prevent human rights impacts linked directly to their activities or relationships, also when they have not contributed to such impacts (Taylor, 2013:248). The Guidelines recommends conducting a Human Rights Due Diligence; a process to identify, prevent, mitigate and account for human rights impacts. The Guidelines are not legally binding (Taylor, 2013:253).

### 1.4 CSR in the Norway and the Nordic countries

This section attempts to give an overview of Norwegian CSR policy. I start by discussing CSR among Nordic companies. I then delve into the Norwegian CSR policy. First, I give a general overview, thereafter examine the Government´s White Papers related to CSR. I then give an overview of the public instruments used to exercise the Norwegian CSR policy abroad.

### 1.4.1 CSR and Nordic businesses

As discussed above, CSR has its origins in the United States and the neoliberal context. CSR has been interpreted and practiced in various ways across the transatlantic divide (Gjølberg, 2010:204). Though Norway, Sweden, Finland and Denmark have a strong welfare state tradition, CSR engagement is widespread in the Nordic countries. Nordic businesses are overrepresented in the main global CSR rankings like the Dow Jones Sustainability Index, the KPMGs international survey of corporate reporting practices and the FTSE4Good (Gjølberg, 2013:287). They even score above companies from the neoliberal Anglo-Saxon states (Midttun et al, 2013:262). In a survey from 2009, most companies perceived their Nordic background to be helpful to their CSR efforts (Gjølberg, 2013:204-296). Expectations of high ethical standards from the home market, coupled with strict domestic regulations and cooperation with labour unions were perceived as positive for their CSR performance. Most of the companies encouraged more binding regulations to force compliance on laggards, and they prefer government led initiatives to voluntary business led projects (Gjølberg, 2013:294-295). According to Gjølberg (2013:297), a unique Nordic model of CSR exists, which is closely connected to the Nordic institutions.

### 1.4.2 Norwegian CSR Policies

In Norway, companies must by law report on certain CSR related issues. Particularly large businesses are required to account for their CSR policies and practices in areas like human rights, workers rights, corruption and the external environment (Ditlev-Simonsen, 2014:194). There is, however, a potential conflict between CSR and the Nordic welfare state. In the original CSR model, companies voluntarily take the responsibility for their social and environmental surroundings. In the Nordic welfare states, however, the state uses legislation and regulations to ensure social and environmental practices. The Government has been the main responsible actor to develop labour rights like a decent minimum wage and Health, Safety and Environment standards (Granum Carson, 2015:218). The Norwegian Government has resolved this potential conflict by externalizing it´s CSR policy (Midttun et al, 2013:275). The White Papers related to CSR have an international focus and deal almost exclusively with non-domestic issues. They are concerned with how Norwegian businesses operate in foreign markets (Midttun et al, 2013:275). There has been a strong Governmental support for international initiatives like the UN Global Compact, the UN Special Representative on Business and Human Rights, the Global Reporting Initiative, ILO Conventions and the OECD Guidelines (Midttun et al, 2013:270). In Norway, CSR became part of the Government

system in 1998 with the creation of "the Consultative Body for Corporate Social Responsibility". It was established as a response to an increasing number of Norwegian companies operating in states with bleach human rights records. (Gjølberg 2009:212). The Ministry of Foreign Affairs has been the coordinator of the Norwegian CSR policy from the beginning, which further emphasizes it´s international focus. According to Midttun et al (2013:271, 278), CSR is used strategically in two ways. First, it is a way to export the "Nordic welfare state" to states beyond Norway´s reach. CSR policies and initiatives are closely coordinated with Norway´s humanitarian ambitions in foreign policy, and can shape the global market in accordance with the Nordic standards. CSR is used to bypass traditional politics as they go directly to the corporate level. As such, CSR is a tool used to replicate the Nordic welfare state abroad. The policy is framed as a moral obligation, and aims to increase social welfare, economic prosperity and environmental protection (Midttun et al 2013:278). Secondly, CSR is used for PR purposes. It is a way to brand Norway as a humanitarian super power (Midttun et al, 2013:271). As such, Norway has found a way to reconcile it´s welfare state tradition with the voluntary-focused CSR tradition – by externalizing the CSR focus to activities abroad.

### 1.4.2.1 White Papers related to CSR in private companies

<u>Report No. 10 (2008 – 2009) - Corporate Social Responsibility in a Global Economy</u>
In 2009, the Norwegian government published a White Paper on CSR. The document still serves as the basis for Norwegian policies in the area. It has ambitious goals for Norwegian companies, and expects them to be at the very forefront of CSR (Ministry of Foreign Affairs, 2009:11). The document focuses almost exclusively on Norwegian companies´ operations abroad. It also mentions particular areas where Norwegian companies are expected to have a high standard in their operations abroad. One such area is labour rights. Companies are expected to facilitate a decent work life for all employees, and must at the minimum respect the ILO´s core conventions. They include freedom of organization, the right to collective bargaining, and prohibition against child labour, forced labour and discrimination. The Government further expects Norwegian companies to maintain high standards within Health, Safety & Environment, and try to establish other arrangements that enable workers´ opinions to be heard in states where freedom of organization is prohibited (Ministry of Foreign Affairs, 2009:13). The government explicitly expects Norwegian companies to bring good business

practices from Norway to their operations abroad (Ministry of Foreign Affairs, 2009:11, 26), like models of cooperation between the administration and employees. The expectations are relevant when the companies have influence and control over a certain activity (Ministry of Foreign Affairs, 2009:34-35).

<u>Report no. 10 (2014 – 2015) – Opportunities for all: Human Rights in Norway´s Foreign Policy and Development Cooperation</u>

In 2014, the Norwegian Government published a White Paper about human rights abroad. One section deals with Norwegian businesses and human rights in their foreign operations. It states that responsible Norwegian businesses can have a positive effect on human rights. The White Paper expects companies to declare that they respect human rights, to carry out a due diligence in the area of human rights, and to systematically deal with cases where human rights are not respected. The Government thinks that Norwegian businesses should follow the UN Guiding Principles for Business and Human Rights (Ministry of Foreign Affairs, 2014:56). The White Paper further states that the Government will serve as a support function and guide companies with information about international guidelines as well as the local human rights situation.

<u>Report No. 35 (2014 – 2015) – Working together: Private sector development in Norwegian development cooperation</u>

In 2015, another relevant White Paper was published. It dealt with sustainable economic development and growth in developing countries. CSR is mentioned in one section, where the Government reiterates it´s expectations to Norwegian companies, particularly in four areas: environment, human rights, labour rights and anti-corruption (Ministry of Foreign Affairs, 2015:80). In the area of labour rights, the Government expects companies to contribute to a decent work life, where basic standards are respected, where employees´ rights are safeguarded and where workers are given a wage they can live of. It further expects companies to respect ILO´s core conventions (Ministry of Foreign Affairs, 2015:83). The Government says it will strengthen information to the Norwegian business sector about the OECD Guidelines as well as the UN Guiding Principles for Business and Human Rights.

### 1.4.2.2 Norwegian public instruments abroad

Two Norwegian public instruments are highlighted in the White Papers as important tools to reach Norwegian businesses that operate in foreign countries. These are the Norwegian Foreign Service, as well as the Innovation Norway offices abroad.


<u>The Foreign Service</u>

The Ministry of Foreign Affairs and the connected Embassies are important instruments that can inform businesses about the local context and conditions. According to the White Paper on CSR (Ministry of Foreign Affairs, 2009:89), Embassies and Consulates are used by the Government to enhance awareness and knowledge about CSR related challenges among Norwegian companies. Documents that describe relevant issues in each country are available at the web sites of the Embassies, and the Embassies can facilitate arenas where these challenges are further discussed. According to the White Paper on Economic Development (Ministry of Foreign Affairs, 2015:8), the Foreign Service will strengthen it´s advisory work towards companies abroad regarding CSR issues. Norwegian Embassies are under the Ministry of Foreign Affairs. In the United Arab Emirates, Norway has an Embassy in Abu Dhabi and a consulate in Dubai.


<u>Innovation Norway</u>

The aim of Innovation Norway is to support profitable Norwegian business. They offer services meant to improve innovation, internationalization and reputation management. The organization has 30 offices around the world. Small and medium-sized businesses constitute the main target of Innovation Norway, and the institution is therefore important to reach this segment of the Norwegian business community with information about CSR. The White Paper on CSR states that the Government strengthened the work with CSR guidance at Innovation Norway´s foreign offices. They also included more information about CSR on their web sites. In addition, the Government added CSR to the aspects evaluated before companies receive funding (Ministry of Foreign Affairs, 2009:89 – 90). Innovation Norway is owned by the Ministry of Trade, Industry and Fisheries. There is one Innovation Norway office in the UAE, which covers all of the Middle East. However, it is not a regular office. An external consultant is hired to provide the required services for Norwegian businesses. He has employed some extra people to help him. He is also a professor at an Institute in Abu Dhabi.

## 1.5. The United Arab Emirates

This section attempts to give an overview of aspects in the United Arab Emirates (UAE) that are relevant to this thesis. I start by discussing politics, economy and the society in the UAE. I then give an outline of the Emirati labour market and challenges to the migrant workers. I end by giving an account of the local understanding of CSR.

### 1.5.1 Politics, Economy and Society

The United Arab Emirates (UAE), which only a few decades ago was characterized by Islamic nomadic culture, is now an international commercial and financial hub. The UAE has been independent since 1971, and consists of seven emirates. Each emirate has it´s own shekh, or ruler, who traditionally belonged to the most powerful tribe (Toledo, 2013:39). In addition to federal laws and policies, each emirate has it´s own set of local laws and policies. The discovery and export of oil from the 1970s has over the last decades transformed the state and produced an incredible wealth for it´s rulers and citizens (Toledo, 2013:39). From 2000 – 2012, the average growth rate was 4,7 %, despite the economic crises in 2009 (Schiliro, 2013:228). However, the UAE is sensitive to changes in the oil price. The Government´s vision is to transform the economy into a diversified and skill-intensive knowledge economy (Schiliro, 2013:228). Low labour and energy costs, political stability and favourable tax laws support industrial activity (Masood & Sergi, 2008 in Schiliro, 2013:229). Diversification has created industries within the areas of petrochemicals, aluminium, tourism, trade, logistics and manufacturing (Schiliro, 2013:229, 231). The UAE, and particularly Dubai, has also managed redefine itself as a regional financial centre and an international trading hub (Schiliro, 2013:230).

Politically, the UAE has retained it´s authoritarian character. According to Freedom House, which rates civil liberties and political rights, the UAE is labelled "not free" (Freedom House, n.d.). There have been severe crackdowns on political dissidents, civil society and human rights activists, especially in the aftermath of the Arab Spring. The legal system is based on the civil law system as well as Sharia law. The UAE has been criticized for discrimination of women, particularly on matters regarding women´s personal status (Human Rights Watch, 2015b). Independent civil society is discouraged in the UAE, and most local NGOs are associations or societies for public welfare. They are created by an official decree, or receive financial support from the state (Ronnegard, 2010:14).

**1.5.2 The labour market and migrants in the UAE**

Despite the economic growth, the native population has a limited set of skills and work experience. Migrants compose around 90 % of the labour force in the private sector (Toledo, 2013:39), and most of them originate from Asian countries like India, Pakistan, the Philipines, Bangladesh and Nepal (Norwegian Embassy in Abu Dhabi, 2014; Sonmez, Apostopoulos, Tran & Rentrope, 2011:3). There are currently more than five million low-payed migrant workers in the UAE (Human Rights Watch, 2015a:20). The Kafala system, a practice of sponsorship, is used in all of the Gulf countries to regulate migrant labour. In the system, migrants are contractually tied to their employer (Human Rights Watch, 2015b; Sonmez et al, 2011:3). Because of the way the Kafala system is practiced, employers have inordinate power over the migrant labourers. They can revoke the sponsorship at will, and as such make them liable to deportation. There are numerous of reported cases where passports are confiscated, wages withheld, and where migrant workers are housed in substandard accommodation (Human Rights Watch, 2015b; Sonmez, 2011:3). In some circumstances, these conditions may amount to forced labour because it can be almost impossible for migrant workers to leave their employers (Human Rights Watch, 2015a:20). There are also many accounts of poor health and safety standards at work facilities, and work related injuries among migrant workers are common. Particularly the construction sector is known for severe accidents and even deaths (Sonmez et al, 2011:5).

The UAE has only ratified six of the ILO´s eight core conventions (Norwegian Embassy in Abu Dhabi, 2014). It is illegal to establish unions, enter into collective bargaining and strike (Human Rights Watch, 2015a:22). The Government has initiated several labour reforms, particularly as a response to international criticism. The new legislation is meant to reduce the exploitative potential of the Kafala system (Human Rights Watch, 2015a:20). Laws that codify maximum working hours, an annual leave and overtime pay are in place, and forced labour is outlawed (Human Rights Watch, 2015a:21). A new electronic wage protection system ensures that salaries are transferred to the workers electronically via banks. Employers who pay too late may be sanctioned (Human Rights Watch, 2015a:27). The UAE has also employed inspectors to audit whether employers keep the laws (United States Department of State, 2014:32). A federal labour court has been given the authority to solve labour disputes, but many migrant workers fear that they will be fired and deported if they use official channels to complain about abuses (Human Rights Watch, 2015a:28).

However, the Emirati Government is widely criticized for not enforcing existing laws (Human Rights Watch, 2006:50). The implementation of the new regulations is sporadic and ineffective (Sonmez et al, 2011:2). According to Human Rights Watch (2015a:20), abuses of migrant workers continue. 30 percent of construction workers spend 50 hours or more at work per week, without a day off (Sonmez et al 2011:4). Human Rights Watch has two times revealed systematic human rights abuses of migrant workers at the Saadiyat Island, a prestigious construction project in Abu Dhabi. Some employers connected to the project continue to confiscate migrant´s passports, withhold wages and benefits and house migrants in poor accommodation. Workers who engaged in strikes because of their low wages were deported (Human Rights Watch, 2015b). Official data on the topic is unreliable, and strict Government control makes it hard for scholars to research the issues objectively (Sonmez et al, 2011:2).

### 1.5.3 CSR in the UAE
Islam affects most aspects of the Emirati society (Ronnegard, 2010:10), even the business community. Charitable donations to the poor, zakat, is one of the five pillars of Islam. This tradition has spread to the business community (Norwegian Embassy in Abu Dhabi, 2014). The UAE has launched various CSR initiatives. Much of the efforts, however, are centred around zakat and charity. Integrating environmental and social aspects in the core business operations are less prevalent in the Emirati tradition. According to the Norwegian Embassy in Abu Dhabi (2014), relevant CSR practices for Norwegian companies in the UAE can be to ensure working conditions according to international standards for their employees. Instead of unions, other forums of participation can be established. The companies should also ensure adequate health, safety & environment standards (Norwegian Embassy in Abu Dhabi, 2014).

### 1.6 Definition and Research Question
This section provides the definition of "CSR in the area of labour rights", as applied in this thesis. It then outlines the research questions and relevant sub-questions.

### 1.6.1 Definition
This thesis will analyse the CSR practices of Norwegian companies in the area of labour rights in the UAE. "Labour rights" will defined and limited to three areas. The areas are based

on addressed issues in the White Paper on CSR (Ministry of Foreign Affairs, 2009:30) as well as described challenges to a decent work life in the UAE.

The first area I will assess is Health, Safety and Environment (HSE). This area is mentioned in the White Paper on CSR as an important factor in the relationship between a company and it´s employees (Ministry of Foreign Affairs, 2009:8). In addition, while the HSE regulations in the UAE are better than other Gulf countries, they have potential for improvement (Norwegian Embassy in Abu Dhabi, 2014). Work related accidents are common. The second area I will look at is general labour conditions. According to the White Paper on CSR, companies are expected to create "decent working conditions where fundamental labour standards area complied with and employees receive a living wage" (Ministry of Foreign Affairs, 2009:32). While the local law regulating working conditions has improved on these matters over the years, international reports still criticize the Emirati government for loopholes and lack of enforcement. Within this topic, I will examine wages, housing and other related issues that the companies address. The third area I will assess is the right to organize, strike and engage in collective bargaining. These rights are entrenched in the ILO´s core conventions. As mentioned above, they are still forbidden in the UAE. The Norwegian Embassy in Abu Dhabi encourages Norwegian companies to find other ways to let the voice of the employees be heard. As discussed in the beginning of this Chapter, CSR means what companies do on a voluntary basis beyond complying with local legislation. To sum up, CSR in the area of labour rights is defined as "voluntary practices related to 1) Health, Safety & Environment, 2) general labour conditions and 3) the right to organize, strike and bargain collectively, which exceed Emirati laws and regulations".

**1.6.2 Research Question**
The Norwegian Government encourages Norwegian businesses to engage in countries where political and ethical norms differ from our standards at home (Ministry of Foreign Affairs, 2009:42). Six years have passed since the first Norwegian White Paper on CSR was published. During this time, Norwegian companies have continued to expand to foreign markets, including the Middle East and the UAE. The UAE attracts an increasing amount of international companies because of it´s neoliberal economic policies and strategic location. However, as pointed out above, various labour rights practices are not on par with international standards. Because the UAE is regularly criticised for labour rights breaches and

poor enforcement of labour rights laws, labour rights issues are particularly relevant to Norwegian companies that operate in the UAE.

As discussed in this Chapter, the Norwegian CSR policy is a tool for the Government to export the Norwegian welfare state to countries beyond it´s influence (Midttun et al, 2013:278). In this thesis, I try to assess whether the Nordic welfare state is replicated in the UAE through the CSR practices of Norwegian companies. I limit my investigation to labour rights issues as defined above. My research question is therefore:

*To what extent do Norwegian companies, through their CSR practices, export "the Norwegian welfare state" to the United Arab Emirates in the area of labour rights?*

A three-level analysis will be performed in this thesis. On the first level, I will try to assess how Norwegian companies in the UAE practice CSR in the area of labour rights. I will briefly give an overview of the local regulations in the three defined labour rights areas of 1) Health, Safety and Environment, 2) labour conditions and 3) the right to organize, strike and bargain collectively. I will then analyse whether the Norwegian companies in my sample have practices that go above the required standards in the same three areas. Companies understand CSR in different ways, and some would only label their sponsorships or donations as CSR. While many of their practices are not considered CSR in the Norwegian context, they may be called CSR internationally (Gjølberg, 2013:293-294). All of their labour rights practices that are voluntary and go above local requirements will be included in my analysis. As such, the first sub-question to my research question is the following:

*1. How do Norwegian subsidiaries practice CSR in the area of labour rights in the United Arab Emirates?*

The second level of my thesis attempts to explain why Norwegian companies in the UAE (possibly) have practices that go above local requirements in the area of labour rights. I look at three possible independent variables as explanatory factors. The first one is internal steering from the company headquarters in Norway, who may require certain labour rights standards in their subsidiaries abroad. My two other possible independent variables are related to the execution of the Governments CSR policy in the UAE. The White Paper on CSR gives a mandate to exercise the CSR policy to two public instruments located in foreign markets: Norwegian Foreign Missions and Innovation Norway offices. I will therefore assess how the Norwegian Embassy and the Innovation Norway office in the UAE promote CSR in the area

of labour rights to Norwegian companies in the UAE. The second possible independent variable is therefore the Norwegian CSR policy as implemented and exercised by the Norwegian Embassy in the UAE. The third independent variable is Norwegian CSR policy as implemented and exercised by the Innovation Norway office in the UAE. As such, the second and third sub-questions to the research question are:

*2. Does internal steering by the Norwegian parent companies lead to more responsible Norwegian subsidiaries in the area of labour rights in United Arab Emirates?*

*3. Does the Norwegian CSR policy, as implemented and exercised by the Norwegian Embassy and Innovation Norway office in the United Arab Emirates, lead to more responsible Norwegian subsidiaries in the area of labour rights?*

The third level of my assessment is an analysis of why my three independent variables (possibly) influence the CSR practices of the companies differently. Internal steering by the parent companies may affect the subsidiaries´ CSR practices in the area of labour rights differently from the external steering conducted by the Norwegian Embassy and Innovation Norway office in the UAE. Therefore, my third sub-question is as follows:

*4. Why do the three steering actors influence the companies´ CSR practices in the area of labour rights differently?*

### 1.6.3 Outline of the thesis

Chapter 2 gives an overview of the theories I will use to shred light on my research question. My research is empirical and inductive, and I will use various theories to understand various aspects of the research question. I will apply Røvik´s theory of Knowledge Transfer as Translation to assess how the Norwegian companies transfer and implement CSR practices in the area of labour rights in their subsidiaries in the UAE. I then look at theories that can help me assess why the Norwegian subsidiaries have practices that go above the local requirements. I will use Hveem´s overview of ways that companies can be steered internally, to see if internal influence by the parent companies in Norway has an effect. A possible external explanatory factor is the Government´s CSR policy. I will use Matland´s implementation theory as well as Hill & Hupe´s theory of governance to understand how the Government´s CSR policy is implemented and exercised through the Norwegian Embassy and the Innovation Norway office in the UAE. All of the theories used will be discussed at length in Chapter 2. I end with an outline of my research design and data collection methods.

In Chapter 3, I will assess the first sub-question and first level of my thesis. I analyse how the interviewed Norwegian companies practice CSR in the area of labour rights in the UAE. I assess each of the three defined areas of labour rights; Health, Safety & Environment, labour conditions and the right to organize, strike and bargain collectively. I give an overview of relevant local legislation, before I outline the companies´ practices that go above the local law. Throughout the discussion I assess how the subsidiaries in the UAE have transferred the practices from their Norwegian parent companies.

In Chapter 4, I first deal with the second level of the thesis and address the second and third sub-questions. I try to explain why the Norwegian companies go above the local standards in the area of labour rights. I have three possible independent variables. The first possible independent variable is internal steering from the parent companies in Norway. The second possible independent variable is the Norwegian CSR policy in the area of labour rights as implemented and exercised through the Norwegian Embassy in the UAE. My third possible independent variable is the Norwegian CSR policy in the area of labour rights as implemented and exercised through the Innovation Norway office in the UAE. I assess all of the three possible independent variables, and analyse how much they influence the CSR practices of the Norwegian companies in the UAE. I then move on to the third level of my thesis, and my fourth sub-question. In this section, I use theories to assess why my independent variables have different effects on the subsidiaries´ CSR practices in the area of labour rights.

In Chapter 5, I present my conclusion by answering my research question and it´s sub-questions. I then assess the internal and external validity as well as the reliability of my thesis. I end by discussing the implications of my findings.

# CHAPTER 2

## 2.1 Introduction

This Chapter aims to give an overview of the theories I will use to analyse my research question. I start by outlining an organizational theory, Theory of Knowledge Transfer as Translation, which I will use to assess how Norwegian companies practice CSR in the area of labour rights in the UAE. I then give an overview of theories I use to explain the companies´ practice. As we will see, both internal and external drives can affect the behaviour of companies. I first discuss Hveem´s overview of ways to internally influence company behaviour. I will use this overview to assess to what extent internal steering can explain the CSR performance of Norwegian companies in the UAE. The external factors that I examine is the Norwegian CSR policy as exercised in the UAE through the Norwegian Embassy and Innovation Norway office. I will give an outline of the Implementation Theory I use to assess how the Norwegian CSR policy is implemented in the Norwegian Embassy and Innovation Norway office. Thereafter, I give an outline of Governance Theory, which I use to understand how the policy is exercised towards the companies through these two public institutions. I end the Chapter by giving an overview of how the theories will be applied in my thesis, as well as an outline of my research methods.

## 2.2 Organizational Theory: Theory of Knowledge Transfer as Translation (KTT)

In order to examine the first sub-question, I will apply insights from organizational theory. Specifically, I will use the theory of knowledge transfer as translation (KTT), which was proposed by Kjell Arne Røvik in his book *Trends and Translations – Ideas that Shape the 21ˢᵗ century´s Organizations* (2007). The book deals with how ideas and practices are translated from one organization to another. It describes how they are decontextualized from one organization and contextualized into another one. When I later examine how CSR is practiced by the Norwegian subsidiaries in the UAE, I will use insights from KTT on how CSR practices from the parent companies in Norway is contextualized in their subsidiaries in the UAE. This section starts with an overview of the development of KTT, and proceeds to outline how practices are contextualized through various modes of translation.

<u>Between two paradigms</u>
Organizational theory has two main paradigms (Røvik, 2007:46). The modern and rational paradigm is optimistic towards contextualization, and views the receiving part as a rational

actor with clear perceptions of what the organization needs and wants. The paradigm believes popular recipes can be reproduced in other contexts, if the management implements them through top-down processes (Røvik, 2007:50). The social constructivist paradigm, on the other hand, views reality as socially constructed. Organizations are social constructions created within their individual contexts. This paradigm is critical towards universal principles of design, steering and management. Regarding contextualization, the social constructivist assumption is that popular organizational recipes will not become deeply rooted in the receiving organization. The recipes provide the management with legitimizing rhetoric, but are symbolic and do not affect the practice of the organization (Røvik, 2007:52).

Røvik (2007:52-57) proposes a middle ground, which he calls pragmatic institutionalism. The orientation projects the ambiguity of the phenomena under examination. For example, regarding the transfer and reception of organizational ideas, pragmatic institutionalism emphasizes a double logic. The requester of a new idea views himself as a rational actor wanting to solve genuine problems in his organization. As the same time, he is also motivated to adopt certain ideas because they are symbols of a modern organization. This points to a basic ambiguity inherent in the intensions of the actors (Røvik 2007:54). Pragmatic institutionalism draws on pragmatism as a distinct theoretical position. Scholars within this field criticize those who separate between ideas and knowledge on one hand and practice on the other. They believe these elements are connected, for example through processes of trial-and-error (Røvik, 2007:55).

The theory of knowledge transfer as translation (KTT) is part of pragmatic institutionalism. It is concerned with offers, transfers, reception and utilization of organizational ideas. KTT challenges the modern notion that by using rational techniques, it is relatively easy to extract a successful recipe from one organization and reproduce it in other organizations. KTT also challenges the social constructivist belief that recipes and practice are separate phenomena (Røvik, 2007:56). KTT takes the pragmatic approach – it is possible to extract ideas from one organization and make other organizations adopt them. Ideational representations are translated and transformed in the new context. Some elements are copied, others are added or subtracted (Røvik, 2007:56). Translation studies were established in the 1970s, and have over the last decades become an interdisciplinary field of research. Cultural expressions, ideas, concepts and beliefs have been included as units of study. According to Røvik, the discipline is suitable for the study of the transfer of ideas between organizations as well (Røvik,

2007:250-253). Røvik notes that the theory is similar to the Actor Network Theory (ANT), which is used by other researchers interested in the transfer of organizational ideas. However, he regards ANT as too abstract, and is more concerned with normative and practical implications that stem from translation studies (Røvik, 2007:254-255).

KTT as a research tool for CSR
It is the interface between the supply side, the transformation and the recipient side of organizational ideas that shape the dynamics of the translation (Ditlev-Simonsen, 2010:454). According to Røvik (2007), CSR is one trendy idea on the supply side in the 21st century. Ditlev-Simonsen (2010:464) used KTT to examine the recipient side. She interviewed persons that introduced CSR in their respective companies, and found that the translator had substantial impact on the CSR practices of their companies. She further wrote that "the KTT approach to studying CSR translation has been tested, and is shown to be a promising avenue for approaching this type of CSR research" (Ditlev-Simonsen, 2010:2010). This thesis will apply another part of Røvik´s theory; contextualization.

### 2.2.1. Contextualization
The transfer of organizational ideas is a process that starts with de-contextualization of the practice from one organization, before it is contextualized and inserted into another. This chain of extraction, transfer and insertion is regarded as a translation (Røvik, 2007:247). Theory of translation can be used to examine how ideas are translated between organizations and included in the practice of the adopting organization (Røvik, 2007:249). Two aspects of KTT are of particular interest to this thesis. First, the "rules of translation"[1] may shred light on possible patterns in the translation. These rules are related to how much freedom the translator has to shape the idea. The second relevant aspect is the effect of the translated ideas in the adopting organization. Are the inserted ideas applied in practice, and do they affect the organization? The first part of the translation process, de-contextualization, is less relevant to this thesis. After all, the aim is to examine how Norwegian subsidiaries in the UAE apply the idea of CSR in the area of labour rights. As such, I will only focus on the second part, contextualization. The two processes are often executed by different actors at different times (Røvik, 2007:293).

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[1] I have tried my best to translate the relevant terms from Norwegian. Rules of translation is oversettelsesregler, rules of enrolment is innskrivingsregler, time markers is tidsmarkører and localization is lokalisering.

Contextualization happens when "ideas, that to varying degrees represent practices from specific contexts, are introduced in a new organizational context" (Røvik, 2007:293, my translation). The new organization is usually composed of formal structures, procedures and cultures. Contextualization is comprised of two areas of study - the actors and arenas of the contextualization, and the rules of contextualization (Røvik, 2007:293). For the actors and arenas, the hierarchic chain of translation, inspired by the modern rational paradigm, is the starting point. It presupposes a top-down orientation and a vertical chain of translation, led by the management through hierarchic authority. It is the top management that has the authority to adopt and implement new ideas. The top management further has clear and detailed plans for implementation, with little freedom of translation for local actors in different contexts of the organization. As the idea is implemented downwards in the organization, it goes from abstract to more specific and tangible (Røvik, 2007:294-295). However, the hierarchic chain of translation needs, in many cases, modification. First of all, external development arenas on lower levels in the chain are increasing. Conferences and seminars aimed at particular professionals are prevalent. These arenas can be important disseminators of ideas and concepts relevant to modern organizations and venues for translation and contextualization. As such, ideas may not only stem from the top of a hierarchy, they could originate from lower levels that are inspired by outside arenas (Røvik, 2007:296-297). Local diversity can also modify the hierarchal chain. Often, there is no master version from the top that is diverted to lower levels. Actors in different locations make it possible to translate the same idea into various versions within the same organization.

Rules of contextualization are composed of general "rules of enrolment" and specific "rules of translation". The rules of enrolment are concerned with the transformation of ideational representation into local versions. At first, the ideas have no references in the new context. "Enrolment" means to give an idea "markers" through social processes of interpretation, which makes it recognizable in a local context. It is about interpreting the idea into local space and time (Røvik, 2007:301). There are two types of rules of enrolment. The first is rules for localization. Localization is the process where a general organizational idea is inserted into a local organizational context and given a local identity. Examples of local references are local actors, local perceptions of problems and local former successes or failures. Usually, the process of localization happens unplanned, by creating "stories" that give the idea local references (Røvik, 2007:302). The second sub-category to general rules of enrolment is "time marking" of organizational ideas. Time marking means to enrol the idea into local time

through social processes of interpretation; by giving it a local past, present or future. Often, organizations state that a problem occurred before they adopted the idea, because they want to seem rational and not as if they are simply following organizational trends. This is creating local history for the idea. Giving an idea a future can mean including it in long-term planning (Røvik, 2007:303).

The second set of rules that are relevant for contextualization, are "rules of translation". They are concerned with the content of the ideas during the translation process, especially with the degrees of discretion or freedom given to the translator in the adaption process. In addition, the translator may take the liberty to transform more than originally permitted (Røvik, 2007:306). Based on classical translation theory, there are four basic rules of translation. They represent different degrees of adaption and reshaping. Each of them are discussed below.

The replicating mode

The replicating translation mode will be found in organizations and translators that try to reproduce the original idea as much as possible when translating between different organizations. It´s general rule is copying, which means that a practice is extracted from one context, given an ideational representation, and inserted into a different context in such a way that the practice is recreated with no or very few changes. This perception is often present in the best practice-literature (Røvik, 2007:308-309). Copying is more likely to succeed when the idea in question is translatable and shapeable. When a practice is explicit (codified, clarified and communicable), it is easier to make an ideational representation and copy it into other organizations. When a practice is not very shapeable, like a detailed procedure, the likelihood of using copying as a translation mode increases. Features of the relationship between the two contexts that the practice is transferred between can also affect whether copying will take place. The more similar the contexts or organizations are, the more likely it is that translation by copying will succeed. For example, copying ideas between nations and cultures have proven difficult (Røvik, 2007:309-311).

The modifying mode

The modifying mode is found among translators that believe in reshaping and adaption to a certain extent. The position tries to balance between staying true to the original practice and the need to adapt it to the new context. Two rules of translation are used. Modification may take place through *adding* certain elements in the new context, or by *subtracting* elements in

the adaption process. They are connected to making the ideas more explicit or implicit (Røvik, 2007:311-313). Røvik identified some conditions under which adding or subtracting usually takes place. Rational-strategic adding or subtracting happens because of rational choices. Translations may be based on pragmatic cost-benefit calculations, perhaps because of a desire not to offend local traditions. Unintended adding or subtraction of elements may also happen, for example when leaders have limited time to familiarize themselves with the idea (Røvik, 2007:314-315).

The radical mode

The radical mode is present when translators take great liberty in shaping their own customized versions of the original idea, which serves only as an inspiration. Transformation is a relevant rule of translation. Transformation is a fundamental change in content or form of a practice. A transformation may take place when the receiving organization has a clear intention of using the idea as one of many inspirational sources. They are so-called "rational shoppers", and give themselves many degrees of freedom. As with the replicating mode, how translateable and shapeable an idea is may affect the decision to transform it. The absence of specific procedures, regulations, formal descriptions or verifications attached to a practice makes transformation more likely (Røvik, 2007:315.317).

## 2.3 Theories used to explain company practices

This section will outline the theories I will use to analyse three possible explanations behind the CSR performance of the Norwegian subsidiaries. Hveem (2009) describes several possible factors that can influence companies towards good CSR practices. He points to international voluntary agreements, pressure from civil society, national legislation and internal control by the companies themselves. Here, I will give an outline of the internal strategies of self-regulation he mentions, because internal steering is one of my possible independent variables. Then I describe Matland´s Implementation Theory and Hill & Hupe´s Theory of Governance, which I will use to assess my two other possible independent variables - how the Norwegian CSR policy is implemented and exercised in the UAE by the Norwegian Embassy and the Innovation Norway office.

## 2.3.1 Internal steering within companies

### 2.3.1.1 Hveem´s model of internal control

In the 1970s, scholars described a "thug of war" between the state and the market regarding who should control business behaviour (Hveem, 2009:397). Companies tried to avoid external control from Governments and consumers. They preferred internal control, where the management engages in self-regulatory steering (Engwall & Johanson, 1980 in Hveem, 2009:397). In the 1990s, businesses started to accept the moderate, external control of organizations like the OECD. The growth of civil society increased company engagement in external relations. There is still a battle as of how much external control companies that engage in foreign markets should adhere to. However, this is not a zero-sum game. Both internal and external forms of steering and control can influence companies through co-governance (Hveem, 2009:396). The relations between the actors, the state, the companies and civil society is usually a mix of internal and external forms of governance. They comprise a hybrid of relations of influence, which is a complex relation between the governing and the governed (van Tulder, 2006 in Hveem, 2009:397).

Hveem (2009:397) has created an overview that portrays the various external and internal factors that may influence companies (Table 2.1). Table 2.1 is meant to include all types of impact – from Government regulations, to management orders and consumer power. It further ranges the type of influence from formal, such as steering by law or codes of conduct, to informal influence, like consumer action.

**Table 2.1: Types of control over the companies (my translation).**

|  | External | Mix | Internal |
|---|---|---|---|
| **Formal** | 1. Ownership Regulation by law Contractual rules | 2. Open agreements between companies, voluntarily Steering by mandate | 3. Internal procedures in companies, Line organization Orders by company management |
| **Mix** | 4. Negotiated agreements between companies and trade unions Political support by the state | 5. Agreements between companies and NGOs Incentives by the state | 6. Network organization Agreement with subcontractor |
| **Informal** | 7. Bargaining power of contractor Consumer action | 8. Non-public "backroom deals" with internal and external actors | 9. Local expertise Position in the production or value chain |

As Table 2.1 illustrates, internal control is one way to influence a company, also with regards to CSR. This type of steering can be formal, like internal procedures or executive orders. Internal and informal control may be local expertise by employees in the company, or to be in a position with bargaining power in the product or value chain. The Table also describes a type of informal control that has both formal and informal elements. Agreements with sub-contractors or networking are examples of such influence. Internal steering is based on company concern for their reputation, which may influence their market position. The logic is that a poor record on social or environmental standards will affect companies´ reputation negatively (Hveem, 2009:408). If companies take ethical and moral guidance seriously, strong political instruments are not necessary. In such a case, Governmental support is enough (Hveem, 2009:407). However, there are substantial variations with regards to how seriously companies take their social responsibility in their foreign operations. Only some companies have incorporated systems that, for example, ensure that no human rights are breached as a result of their activities (van Tulder, 2006 in Hveem, 2009:408).

Campbell (2007 in Gjølberg, 2013:292) argues that companies´ CSR practices mirror the institutional background of their home countries. The Nordic states have developed their own "Nordic model"; an advanced welfare state with strong institutions, characterized by collective bargaining, a comprehensive taxation system and market regulations. It has managed to combine environmental and social welfare with economic growth, by requiring business to provide decent wages and high environmental standards (Midttun et al, 2013:263). As mentioned in Chapter 1, Norwegian companies are frontrunners in the CSR field (Gjølberg, 2013:287). Gjølberg argues that the Nordic businesses mirror their institutional environment with their CSR practices. Institutions like the welfare state, the corporatist tradition and civil society make Nordic companies comply with regulations regarding health and safety, environmental protection, corruption, discrimination and working conditions. While these practices do not amount to CSR in the national context, they may do so internationally. A strong tripartite relationship also influences CSR positively, and NGOs as well as high consumer awareness help holding companies accountable (Gjølberg, 2013:293-294).

### 2.3.2 External steering by the Government
My second and third possible independent variables is the Norwegian CSR policy as implemented and exercised through the Norwegian Embassy and the Innovation Norway

office in the UAE. Their influence is an external type of governmental steering in Hveem´s overview (Table 2.1). To be able to examine how the policy is exercised in more detail, I will first look at how the policy is implemented in these public institutions in the UAE. Below, I outline Matland´s implementation theory, which I will use for this purpose. To examine which strategies the Norwegian Embassy and Innovation Norway office in the UAE use to exercise the CSR policy, I will apply Hill & Hupe´s framework of governance. At the end of this section, I give an overview of this theory.

### 2.3.2.1 Matland´s Implementation Theory

Implementation theory was established as a result of Pressman & Wildavsky´s book *Implementation* in 1973 (Hill & Hupe, 2014:1). A wave of scholars engaged in the study of implementation of public policy, based on the belief that there was a "missing link" between the concern of policy making and the evaluation of policy outcome (Hill, 1997:127). As such, studying implementation is examining what happens between policy expectations and policy results (Hill & Hupe, 2014:2).

The top-down and bottom-up disagreement

One prominent debate has haunted the field for years – the top-down argument against the bottom-up argument. Top-down authors believe that there has to be complete cooperation between agencies in an implementation chain (Hill, 1997:129-130). To achieve that, the policy must be unambiguous, outside interference should be prevented and control over implementing actors must be exercised (Sabatier & Mazmanian, 1979 in Hill, 1997:131). The top-down scholars are criticized for disregarding political aspects of implementation, for emphasizing statute framers as key actors, and for ignoring the discretion of the bureaucrats on ground (Matland, 1995:147-148). As a response to the criticism, a bottom-up alternative to studying implementation emerged. Lipsky (1971 in Hill & Hupe, 2014:53) focused on the street-level bureaucrats and their routines, uncertainties and pressure. Hjern asked micro-level actors in an implementation process about goals, activities, problems and contacts. He then mapped strategic coalitions and unintended effects of the policy in question. He concluded that the success of a program to a large extent depends on the skill of the individual who translate the policy in the local context (Matland, 1995:149). The bottom-up perspective is criticized for overemphasizing the level of local autonomy (Matland, 1995:149-150).

<u>A context-based implementation model</u>

There have been attempts to create a synthesis of the two approaches. Richard Matland (1995) has combined variables from the bottom-up and top-down approaches in his model, which emphasizes the context of the policy in question.  He bases it on two dimensions – the ambiguity of the policy, and the level of conflict it creates among related stakeholders (Matland, 1995:155). Policy ambiguity has two categories, ambiguity of goals and ambiguity of means. Ambiguity of goals are likely when clarity will create conflict that may prevent the policy from passing the parliament, or when a problem is poorly understood. Policy ambiguity of means may appear when a complex context makes it hard to know which tools to use, how to use them or their effects (Matland, 1995:158).  The ambiguity of a policy will affect it´s implementation significantly. It influences the probability that it is similarly understood across the implementations levels, the likelihood that the local environment plays a role and which actors are relevant (Matland, 1995:159).  For a conflict to exist, there must be an incompatibility of objectives, independence of actors and a (perceived) zero-sum element on the bureaucratic level. Disagreements may prevail over goals, activities or means for implementation (Matland, 1995:156). Policy ambiguity and the level of conflict represent the conditions under which policy recommendations will be effective in Table 2.2.

**Table 2.2: Matland´s four types of implementation**
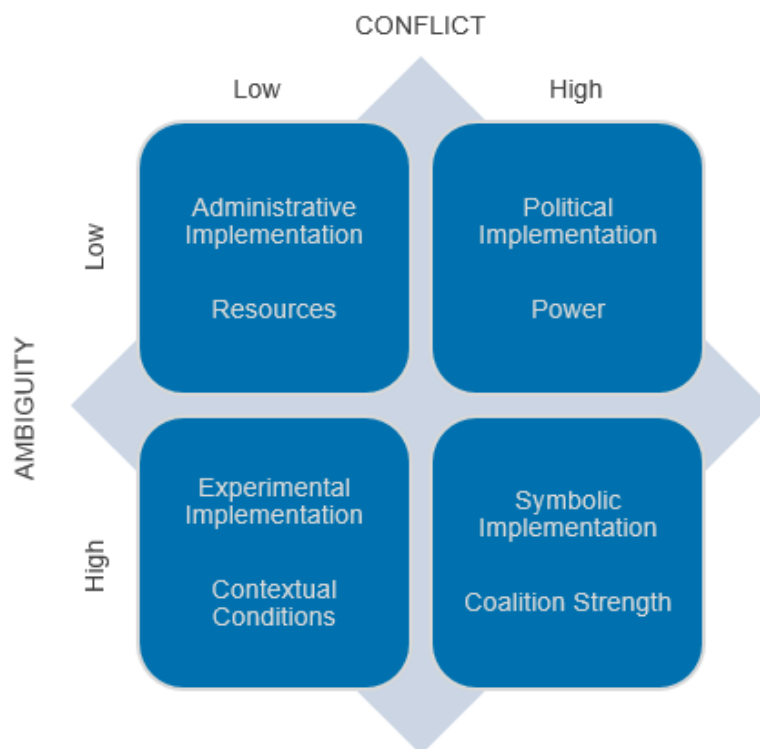
Administrative implementation occurs when both conflict and ambiguity is low. Rational decision-making takes place, with clear goals and means for solving the problem at hand. The implementation process starts with a hierarchal central authority. Each level of bureaucracy has a clear idea of their responsibility and required resources. The result is a relatively uniform outcome across different settings (Matland, 1995:160-161). Political implementation takes place when there is low policy ambiguity but high policy conflict. Compliance by all actors cannot be counted on. The implementation program is concerned with ensuring compliance of actors whose resources are important for policy success (Matland, 1995:163-164). Symbolic implementation occurs when a policy has high levels of ambiguity and conflict. Policies that invoke highly salient symbols may produce this combination. It is the coalition strength among the actors in control of the resources on a local level that determine the outcomes (Matland, 1995:168-169).

The fourth perspective is experimental implementation. It occurs when a policy exhibits a high level of ambiguity and a low level of conflict. The outcome is largely dependent on the actors that are involved and active (Matland, 1995:165). The driving principle in experimental implementation is that contextual conditions dominate the process. The outcome is highly affected by the resources and actors in the micro implementing environment, which are likely to vary from place to place. The crucial element is the local actors are engaged. The level of activity may be affected by the intensity of their feelings, other demands on their time and their proximity to the location where decisions are made (Matland, 1995:166). The implementation may also be influenced by available resources and perceptions of the policy. Programme activities will vary across settings. Bureaucratic entrepreneurs may mould policies to meet local needs. Program mutations can therefore arise across organizations in different environments (Matland, 1995:166-167).


### *2.3.2.2 Hill & Hupe´s model of governance*
The transition towards public governance has been a general trend over the last years, where hierarchical state regulations are exchanged with partnering modes of self- and co-regulation (Steurer, 2010:51). Governance is an attempt by the state to reach broader than the traditional forms of governing. It is also a response to the governance gap that globalization and neo-liberal policies created (From & Sitter, 2002:23). Governance is "attemps to steer that are broader than the national state´s traditional forms of governing" (From & Sitter, 2002:23).

One significant characteristic of governance is that the tool box of government steering is expanded beyond hierarchal control, exercise of authority and regulatory management. The government may also attempt to achieve the desired results through the soft power of self- and co-regulation (Steurer, 2010:51; From & Sitter, 2002:23-24). Governance includes non-state actors like businesses and civil society. The aim is to create win-win situations and relationships of trust, which again will foster a common interest to realize certain goals. Steering is taking place on various levels and is interactive, with a continuous dialogue between the actors (Hveem, 2009:396; From & Sitter, 2002:24-25).

Michael Hill and Peter Hupe (2014:187) have made a useful attempt to integrate implementation theory and governance. Their framework is based on three fundamental modes of governance, *authority, transaction* or *persuasion.* In the *authority* mode, governmental action is mainly regulation and imposition. The government acts like a *Chief Executive Officer (CEO)* (Hill & Hupe, 2014:185). In the *transaction* mode, frameworks where other actors can function is highlighted. The government´s task is to ensure that the framework works well through legislation and oversight. It acts as an *Inspector.* The third mode, *persuasion,* emphasizes joint efforts by the government and other actors to reach objectives. Vision and developing consensus are important tasks. The government is metaphorically given the role of a *Regisseur*, referring to the role of a director in a stage play, which provides interpretation, suggestions and direction to the actors, but remains invisible at the actual play (Hill & Hupe, 2014:185).

**Table 2.3: Hill & Hupe´s three modes of governance**

| Circumstances | | | |
|---|---|---|---|
| *Ambitions* | ++ | +/- | ++ |
| *Independency* | ++ | -/+ | - - |
| **Fitting governance role** | "CEO" | "Inspector" | "Regisseur" |
| **Fitting mode of operational governance** | "Enforcement" (Management via inputs) | "Performance" (Management via output) | "Co-production" (Management via outcome as shared results |
| **Operational activities** | | | |
| *Managing policy process* | Making mandates explicit | Creating "interfaces" | Appealing for responsibility |
| *Managing inter-organizational relations* | Creating clarity on tasks and competences Taking care of sufficient resources | Enhancing contract compliance | Realizing partnerships |
| *Managing (external and internal) interpersonal contacts* | Enhancing motivation and internalization | Enhancing and maintaining service orientation | Enhancing professionalization |
| | Realizing compliance to standard operation procedures Leadership Training on the job | Rewarding target compliance | Organizing response |
| **Central mechanism** | "Rules" | "Contract" | "Trust" |

In their framework, seen in table 2.3, Hill & Hupe (2014:187) created corresponding modes of operational governance. The operational activities are developed on three levels – that of the policy processes (the policy level), that of inter-organizational relations (the organizational level) and that of inter-personal contacts (the individual level). Only the organizational level is relevant to this thesis. After all, it examines the relationship between the two Norwegian public institutions in the UAE and Norwegian subsidiaries there. The appropriateness of each mode of governance depends on the context. The *Regisseur* role is useful when the government has high ambitions in a policy area, but is highly dependent on other actors to reach the policy goals (Hill & Hupe 2014:186). According to Table 2.3, realizing partnership is the mode of operational governance on the organizational level (Hill & Hupe, 2014:188). As such, co-production through partnerships is key.

Midttun (2008:409:410) provides an overview of strategies relevant to what he calls "partnered governance", which fits well with Hill & Hupe´s framework. He argues that CSR as a self-regulating way of governance would be more effective if it was systematically integrated with political steering in joint partnered governance between the state and the companies. Fox, Ward & Howard (2002:5) outlines a typology of four public sector roles that

can endorse CSR – mandating, facilitating, partnering and endorsing. Midttun (2008:410) argues that states need to get involved beyond their traditional mandating strategies of command and control legislation, and engage in facilitating, partnering and endorsing strategies (Table 2.4).

**Table 2.4: Governmental strategies of co-production**

| Mandating | "Command and control" legislation | Regulators and inspectorates | Legal and fiscal penalties and rewards |
|---|---|---|---|
| Facilitating | Enabling legislation<br>Funding Support | Creating incentives<br>Raising awareness | Capacity building<br>Stimulating markets |
| Partnering | Combining resources | Stakeholder engagement | Dialogue |
| Endorsing | Political support | | Publicity and praise |

When facilitating, Governments assist or give incentives to companies to engage in CSR. They often act through a catalytic, secondary- or supporting role. Public sector bodies may stimulate key actors to engage in CSR, for instance by collecting and disseminating information, training or raising awareness (Midttun, 2008:410; Fox et al, 2002:5). By acting as partners, the Government can bring together competencies and resources to tackle CSR related issues in the business sector, public sector and civil society. The public bodies may act as participants, conveners or facilitators, and as such stimulate self-regulatory engagement. The effect of these partnerships may go beyond what the state might have achieved through unilateral action, especially in areas where it has limited authority. Governments can engage in endorsement by offering direct recognition of companies through award schemes or honorary mentions in ministerial speeches (Fox et al, 2002:6). Partnered governance could increase the reward for business engagement in CSR, potentially shaping a more "civil" global capitalism (Schmitter & Streeck, 1985 in Midttun, 2008:410).

## 2.4 Outline of Theory Application

I will use several aspects of the theories discussed above to shred light on the Norwegian companies´ CSR practices in the area of labour rights in the UAE. I will also use the theories to explain the CSR performance of the companies. I will apply theory of Knowledge Transfer as Translation to examine how the subsidiary companies in the UAE transfer CSR practices from their parent companies in Norway and contextualize and practice them in the UAE. I will examine which rules of translation they use for the contextualization. How much freedom

they get to from their parent companies to locally shape the practices will decide which mode of translation the subsidiaries apply. Very little degrees of freedom will force them to apply the replicating mode, where they copy standardized practices from the parent companies. Moderate degrees of freedom may lead to more adaption to the conditions in the UAE, which triggers the modifying mode of translation. The subsidiaries will then add and subtract elements to the original CSR practice, and shape it to make it fit their circumstances. If the subsidiaries are given a lot of freedom from the parent companies, they can use the radical mode to translate the practice completely. I will also assess which rules of enrolment the subsidiaries use to give their CSR practices a local identity or local references.

To examine how my three possible independent variables affect the CSR practices of the companies in the UAE, I will draw insights from a several theories. I will use Hveem´s overview of internal steering strategies to examine how the companies themselves engage in self-regulation. This is my first possible independent variable. Because Norwegian companies for many years have been at the forefront of CSR, I expect that there is a high degree of internal steering in the companies I examine.

I will use two main theoretical frameworks to examine my two other possible independent variables; the Norwegian CSR policy in the area of labour rights as implemented and exercised by the Norwegian Embassy and Innovation Norway office in the UAE. To understand how the Government´s CSR policy is implemented in the public instruments in the UAE, I will use Matland´s theory of implementation. I will look the conflict-level and the ambiguity of the Government´s CSR policy and assess which type of implementation has occurred. If experimental implementation is taking place, I would expect the contextual conditions at the Norwegian Embassy and the Innovation Norway office in the UAE to dominate the way they execute the government´s CSR policies. The resources available and actors in the micro-implementing environment are likely to affect the outcome to a large extent. Experimental implementation gives room to bureaucratic entrepreneurship, where the local bureaucrats may significantly shape the policies.

I will then use governance theory to shed light on the general strategies that the Norwegian Embassy and Innovation Norway office use to promote CSR to Norwegian subsidiaries in the UAE. Overall, governance theories expect these bodies to govern through soft power, to encourage self-regulation and steer by dialogue. They are dependent on the trust of the

companies. The table of Hill & Hupe expects the Government to act as a Ressigeur that provides interpretations, suggestions, and directions. Co-governance between companies and the public institutions is the modus operandi. Hveem calls it partnerships and Midttun has named it partnered governance. Midttun outlines possible strategies that the Embassy and Innovation Norway Office are expected to use: facilitating, partners and endorsement.


## 2.5 Research Methods
This section gives an overview of my research design chosen, of the various variables and explains how my data was collected.


### 2.5.1 Research Design: Case Study
This thesis is an empirical, qualitative case study. The case study as a research design is thoroughly discussed in the literature. It is usually connected to the qualitative method because of a small N, because data are little systematic and because conclusions are not quantifiable. George & Bennett (2004:5) defined the case study as "the detailed examination of an aspect of a historical episode to develop or test historical explanations that may be generalizable to other events". A case study is suitable when researching the process from cause to outcome (George & Bennett, 2004:31), especially when relevant theories are not properly developed. Moreover, a case study may be useful to the exploratory part of social science research (Gerring, 2007:39). Because there is relatively little research on CSR and the CSR strategy of the Norwegian government in foreign markets, a case study seems like an appropriate research design. My research is inductive, and I use the theories discussed in this Chapter to analyse various aspects of an empirical case.

The dependent variable in my thesis is the CSR practices of Norwegian company subsidiaries in the area of labour rights in the UAE. I have three possible independent variables and I will examine how much influence each of them have on the dependent variable. The first possible independent variable is internal steering from the parent companies in Norway over their subsidiaries in the UAE. The second possible independent variable is the Norwegian CSR policy as implemented and exercised through the Norwegian Embassy in the UAE. The third possible independent variable is the Norwegian CSR policy as implemented and exercised through the Innovation Norway office in the UAE. As such, the two latter independent variables represent various ways that the Norwegian Government exercises it´s CSR policy

abroad. As Figure 2.1 shows, I assess the influence of the parent company, the Norwegian Embassy´s CSR strategies and the Innovation Norway office´s CSR strategies on the Norwegian company subsidiaries´ CSR practices in the area of labour rights.

**Figure 2.1: My dependent variable has three possible explanatory factors**

Independent variable 1

Norwegian parent company

Independent variable 2

CSR policy as implemented and exercised by Embassy in UAE

Independent variable 2

CSR policy as implemented and exercised by Innovation Norway office in UAE

Company Subsidiary UAE

Dependent variable

Subsidiary's labor rights practices
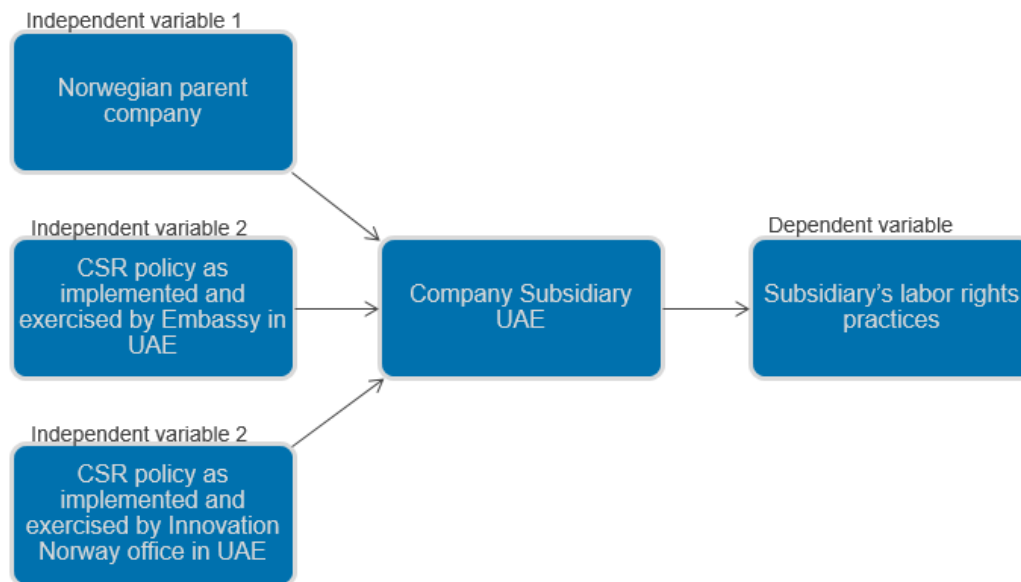
**2.5.2 Data**

Semi-structured interviews is the main method used to collect data. While structured interviews are usually comprised of close-ended questions (Bryman, 2004:109), and unstructured interviews allow the informant to speak freely based on only a few questions (Bryman, 2004:320), semi structures interviews draws from both traditions. The researcher usually brings an interview guide with prepared questions to the interview. Though the questions are posed similarly to all the informants, the sequence of the questions may be changed, and the informant may to a greater extent affect sub-topics and the direction of the interview (Bryman, 2004:321). Open-ended questions are particularly useful when theory is not extensively developed on a topic (Aberbach & Rockman, 2002:674), which is the case with CSR.

My data is mainly based on 13 interviews. I interviewed 9 company managers from 7 companies to understand how Norwegian companies practice CSR in the area of labour rights in the UAE. In one company I interviewed 3 managers at different levels of the organization. Estimates of how many Norwegian companies have some form of business activity in the UAE range from 100 (Ministry of Foreign Affairs, 2015) to 300 (Interview, Innovation

Norway UAE). I located 30 Norwegian companies with a permanent office in the UAE, and I sent an interview request to all of them. 3 responded to the email, and 4 more companies agreed to be interviewed when I called them. To be able to examine variations in my results, the companies come from various industries, like shipping, oil & gas and the paint industry. They also have very different sizes. The largest ones in my sample employs more than 10 000 people worldwide, while the smallest one has 9 workers.

I further interviewed a diplomat at the Norwegian Embassy in the UAE, the representative of Innovation Norway in the UAE, one person from the Ministry of Foreign Affairs and one person from Innovation Norway in Oslo. The aim of the interviews was to understand how the Norwegian CSR policy is implemented and exercised abroad in general and in the UAE in particular. The official interviewed were key informants, selected because of their positions in the Foreign Ministry, Embassy or Innovation Norway. Most of the interviews have been conducted on various field trips to the UAE between May 2015 and September 2015. The interview with the official from Norwegian Foreign Ministry and the interview with the official from the Innovation Norway headquarter were both conducted in Oslo.

An additional method used in this research is the mixed method. The mixed method is applied when "data are cross-checked through multiple sources to increase the finding´s robustness" (Tansey, 2007:766). In this thesis, I let documents supplement and verify the data collected from interviews. Several White Papers are used, in addition to the interviews, to examine the Norwegian CSR policies, and CSR reports by the companies are used to verify the statements of the UAE managers.

# CHAPTER 3

## 3.1 Introduction

This Chapter aims to deal with the first level of the thesis, and answer the first sub-question: How do Norwegian companies practice CSR in the area of labour rights in the UAE? It is an assessment of my dependent variable. I will first give an overview of all the companies in my sample. I will then proceed to analyse the CSR practices of the companies in three areas within labour rights: 1) Health, Safety & Environment (HSE), 2) labour conditions, and 3) the right to organize, bargain collectively and strike. Each section will start with a brief overview of relevant UAE legislation, before I assess whether Norwegian companies have standards and practices that go above the law. It is important to emphasize that this is not an in-depth analysis of local regulations nor and in-depth assessment of each practice that the companies have. My aim is rather to give a general overview of whether or not the companies´ practices are above local standards, and how this is done. I will apply Røvik´s Theory of Knowledge Transfer as Translation (KTT) when I analyse each section. I assess which rules of translation (the replicating, modifying or radical mode) are used when labour rights practices are transferred from the Norwegian parent companies and contextualized in their subsidiaries in the UAE. Six of the companies are a subsidiary to their parent company in Norway. One company does only exist in the UAE. I will also highlight examples of rules of enrolment, which give the practice a local identity.

### 3.1.1 Interviewed companies

This section provides a brief overview of the companies in my sample.

Company 1 – Øglænd System

Company 1 is a family company that was established in Sandnes in 1977. The company is a supplier of solutions to the oil & gas industry, the shipping industry, wind power and other industries. It has 13 subsidiaries worldwide and around 400 employees. Oglaend Industries Middle East LLC is Øglænd Systems subsidiary in the Middle East. It was established in 2006 in Dubai, and covers all of the Middle East from there. Oglaend Industries Middle East LLC employs 13 people from countries like the Philippines, India and Britain. The company sells Øglænd´s products and offers technical support. They have an office and a warehouse. The company did not refer to any of the international CSR initiatives on their web site or in the

interview. They have an ethical guideline created by the parent company in Norway, which deals with issues like corruption and child labour. I interviewed the Managing Director at Oglaend Industries Middle East LLC on 25.08.2015.


Company 2 – Jotun

Jotun is a chemical company that mainly produces paint and coating. It was established in Sandefjord in 1926, employs around 9600 worldwide and has 33 factories all over the globe. In the UAE, the production started in 1975. There are two factories that produce paint and powder coating in Dubai and one in Abu Dhabi. Together these facilities employ around 1000 people from 25 different countries. Jotun is a party to the UN Global Compact, and publishes an annual Corporate Social Responsibility report (Jotun, 2015:61). Jotun further states that they base their labour policies on the UN Human Rights and the ILO conventions (Jotun, 2015:32). The company has ethical guidelines and a code of conduct. I conducted three interviews with Jotun. I interviewed the regional Vice President of their India, Middle East & Africa (MEIA) division, the General Manager of Jotun UAE, and the Regional HSE Manager of their MEIA division on 23.08.2015.


Company 3 – Anonymous

Company 3 is a Norwegian supplier to energy upstream companies. It focuses on the well industry, and employs around 300 people in Norway. It was originally started in 1992. Their Middle Eastern subsidiary was established in 2008, and all of their activities in the Middle East are run from their Dubai office. The company also has an operational base in Abu Dhabi. It employs around 20 people in the UAE from countries like India, Pakistan and the Philippines. There were no references to international CSR initiatives at their web site or in the interview. I interviewed the Region Manager of Company 3 on 20.08.2015.


Company 4 – Anonymous

Company 4 is a Norwegian company in the shipping industry, which employs more than 10 000 people worldwide. The company has been in the UAE for decades. It employs around 350 people from 16 countries. Company 4 has 16 offices and warehouses in the UAE. The company publishes an annual Sustainability Report based on the Global Reporting Initiative. According to their web site, they comply with international labour standards, provide decent working conditions, and conduct business with respect for human rights. They have a code of conduct. I interviewed the General Manager in the UAE on 21.07.2015.

Company 5 – Harding Safety

Company 5 is a Norwegian company with roots back to 1926. It is one of the world´s leading supplier of lifesaving equipment at sea. The company has more than 1000 employees in their offices worldwide. In the UAE, they will employ around 30 people by the end of 2015. Most of their employees are from India, but some also originate from the Philippines or Holland. They have an office and a warehouse. There was no reference to global CSR initiatives in the interview or at their web site. However, they do publish their ethical guidelines there and state that they are committed to the health, safety and personal welfare of their employees (Harding, n.d.). I interviewed their Regional Director as well as Managing Director together on 20.09.2015.

Company 6 – Anonymous

Company 6 is an Emirati company. It was a subsidiary to a Norwegian company when it was established in 2000, but was bought by a Norwegian citizen who owns and runs it today. It supplies equipment and services to the marine and offshore industry. The company has 9 employees from various South East Asian countries. There was no reference to international CSR initiatives in the interview or on the web site of the company. I interviewed the owner on 21.08.2015.

Company 7 – MTI Middle East

MTI Middle East is owned by two Norwegian companies, Norsafe and Fours. Norsafe is a global provider of marine lifesaving systems, and Fours is a provider of inspection, testing, measurement and certification services. Worldwide, they have around 1200 employees. MTI Middle East was started in 2004 in Dubai. It provides third party inspection of cranes and lifting equipment, services on Norsafe equipment in the region, supplies specialist personnel for oil & gas operations and provides training, assessment and HSE services. MTI Middle East employs 40 people from countries like India, the Philippines, Jordan, Pakistan, Sri Lanka and Norway. There was no reference to international CSR initiatives in the interview or online. On their web site, Norsafe emphasizes their focus on the health and safety of their employees, and their concern with creating an enjoyable and safe working environment (Norsafe, n.d.). All Norsafe standards apply to MTI Middle East as well. MTI Middle East has an ethical code. I interviewed the CEO of MTI Middle East on 21.09.2015.

### 3.2 How do Norwegian companies practice CSR in the area of labour rights?

In this section, I will assess how the Norwegian companies in my sample practice CSR in the area of labour rights in the UAE. As outlined in Chapter 1, the UAE is known for labour rights breaches. The laws that exist to protect workers are often too general, and are not properly enforced. Several of the companies interviewed experienced lack of or inconsistent enforcement of the labour laws:

> *"If you have a powerful Public Relations Officer[2] or if you are a large company, you can get exceptions for almost anything"* (Interview, Company 1).
> *"In theory, you are not supposed to get the visas of your workers renewed when you cheat. This is not how it often works in practice"* (Interview, Company 6).

Below, I assess the three labour rights areas of my investigation: Health, Safety & Environment, labour conditions and the right to organise, bargain collectively and strike. I start each section by giving a general overview of existing regulations within the area. I then assess whether the Norwegian subsidiaries have practices that go above the law. Because many UAE laws are inconsistently enforced and many companies get away with breaches, I will briefly mention whether the companies comply with Emirati law as well.

### 3.2.1 Health, Safety and Environment (HSE)

This section will first give an overview of the local law in the area of Health, Safety and Environment (HSE), before I assess whether the Norwegian subsidiaries have related CSR practices that go above local law.

Local law

HSE is regulated by the Labour Law as well as other Ministerial Decisions. These documents outline entitlements that the employer should provide like protective safety equipment, first aid boxes and fire procedures (U.A.E. Labour Law, 1980:25 - 26). The law states that "every employer must provide adequate means of protection for the employee from the hazards of injuries and vocational diseases that may occur during work as well as the hazards of fire and other hazards arising from the use of machines and other tools" (U.A.E. Labour Law, 1980:25). The law further requires employers to keep the employees informed about dangers and preventive measures (U.A.E. Labour Law, 1980:26). These provisions are broad, and companies can interpret them as they deem appropriate. On-going HSE training for all

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[2] In the UAE, a Public Relations Officer handles all contact between the company and the local Government.

employees is not required (Loney, Cooling & Aw, 2012:300). Proper and if necessary repeated training is in comparison required by Norwegian law (Working Environment Act, 2005) and by ILO conventions (Human Rights Watch, 2006:61). Many of the company managers interviewed agree that the HSE law is broad and open for interpretation. In Dubai and Abu Dhabi, employers are also required to provide a basic health insurance to employees (Latham & Watkins, 2014:5).

Poor implementation of health and safety regulations and little awareness of risks can explain the relatively high number of occupational related injuries in the UAE (Loney, Cooling & Aw, 2012:299). Such injuries accounted for 22% of all injuries in Abu Dhabi in 2010, including 101 fatal incidents. In a study in Al Ain, 51 % of foot injuries were work related (Loney, Cooling & Aw, 2012:299). The numbers may have been underreported, because the UAE tries to downplay work related risks and accidents (Sonmez et al, 2011:5). Several studies on the UAE low skilled work force have found poor compliance with health and safety standards. For example, according to one inquiry, all workers in a cement factory reported that they had received personal safety masks to protect them from dust particles. However, only 12 % had been trained in how and when to use them (Loney, Cooling & Aw, 2012:299). Migrant workers originating from countries like Pakistan, India and Bangladesh were overrepresented in the injury statistics. The studies show that migrant workers in particular lack awareness of the risks and consequences of certain occupational hazards. Many have not received training, or do not understand the benefits personal protective equipment (Loney, Cooling & Aw, 2012:299).

The Ministry of Labour is responsible for enforcing the health and safety laws. According to the United States Department of State (2014:32), they do not always implement them adequately. This is in line with the experience of the Norwegian companies. The manager from Company 1, for example, stated that the HSE enforcement was at best inconsistent (Interview, Company 1). In 2013, the Ministry had 56 inspectors in the occupational health and safety department (United States Department of State, 2014:32). The interviewed companies regarded the inspection as superficial and somewhat ridiculous:

*"They do not have enough inspectors to enforce the laws. And the inspectors*
*that come have no clue, it is a ridiculous inspection"* (Interview, Company 6).
*"Once a year they visit the warehouse, but there is no constant monitoring.*
*Last time we had to put a poster on the wall and that was it."* (Interview, Company 1).

The United States Department of State (2014:34) states that "occupational health and safety conditions remained inadequate for many workers, particularly migrants".

CSR performance of Norwegian companies

**Table 3.1: The CSR practices of the Norwegian subsidiaries in the area of HSE**

| | **Breach local law** | **Replicating mode** | **Modifying mode** (all are additions) | **Radical mode** |
|---|---|---|---|---|
| **Company 1** | No | -HSE is broadly that of the parent company<br>-Inspections from parent company regularly<br>-Follow Norwegian HSE standards<br>-On-going training and awareness raising | -Better health insurance for employees than required<br>-Found that public transportation was dangerous, hired car to pick up and drop of employees | |
| **Company 2** | No | -Same HSE practices as in Norway<br>-Regular training for each employee<br>-New system where managers are responsible of 1 of 14 components to create local ownership<br>-OHSAS18001 certificate<br>-Toolbox HSE talk<br>-Safety manuals on how to deal with dangerous material<br>-Regional HSE manager located in the UAE | | |
| **Company 3** | No | -ISO standards for HSE<br>-European HSE standards | | |
| **Company 4** | No | -Standardized and regular training<br>-Protective equipment according to international standards<br>-System for registering accidents and near-accidents<br>-Audit group from Norway inspects | -Death insurance for employees<br>-Provides health insurance for employees in all emirates | |
| **Company 5** | No | -ISO standards for HSE<br>-HSE policy above local law<br>-Staff trained in Holland<br>-Use Norwegian guidelines<br>-Risk assessments<br>-Audits from Norway | -Provides health insurance for employees in all emirates | |
| **Company 6** | No | -OHSAS18001 required for the area the company operates | - Health insurance also where the employees go on holiday | |
| **Company 7** | No | -ISO standards regarding HSE<br>-Audits from Norway | | |

None of the companies breached the local law in the area of HSE, according to the interviews. The main mode of translation in this area was, as can be seen by Table 3.1, the replicating mode. In this mode, translators try to recreate the practice as much as possible in the subsidiary organization (Røvik, 2007:309). Many of the Norwegian parent companies in my sample have standardized HSE practices, based on Norwegian or international standards, that they replicate as much as possible in their Emirati subsidiaries.

> *"We have a Norwegian integrated standard in all of our facilities in the world. It is above the local standard. We do not only follow the minimum requirement, we also get inputs from Norway"* (Interview, Company 5).
>
> "Our HSE practice is the same in the UAE as in Norway. We do not do anything here that we would not have done in Norway" (Interview, Company 2a).

According to KTT theory, the relation between the two organizations that the practice will transfer between is important. If contexts are similar or if they have similar tasks, it is easier to replicate a practice (Røvik, 2007:310). While Norway and the UAE are very different contexts, the UAE subsidiaries often have similar tasks to their Norwegian parent companies. Many of them had service stations, wear houses or workshops where the production or service tasks are the same as in Norway. This feature may have made HSE policies easier to replicate in their UAE facilities.

> *"When I started in the company, the management took me to Norway. They showed me the factory and their HSE procedures. Then they told me to do the exact same thing in the UAE"* (Interview, Company 1).

Also, when an idea is hard to reshape, like a technical standard, it is more prone to be replicated (Røvik, 2007:309). Four companies stated that they are certified with international standards relating to HSE, which has very specific requirements that must be followed.

> *"Around 90 % of what we do with regards to HSE training is related to global standards"* (Interview, Company 5).
>
> *"The HSE demands in the UAE are not specific. Therefore we use international industry standards"* (Interview, Company 4).

Six of the companies further stated that the parent companies checked whether local adaptions are within their stated framework (Røvik, 2007:294). Several companies stated that their mother company would inspect their HSE practices on a regular basis:

> *"When our new parent company in Norway bought us, we had to align our HSE practices with their standards. With the same system, the internal auditing they*

*perform is easier"* (Interview, Company 7).

Another aspect relevant to contextualization are the rules of enrolment. They help turning the general practice into a local one. As discussed in Chapter 2, this aspect has two main rules. The first one is localization; creating a local identity for the practices. Local references may be a local understanding of the problem, local episodes or local actors (Røvik, 2007:302). In the HSE area, I found many examples of localization. Company 2 try to create an understanding of HSE issues among their employees. The company has recently started a new and integrated HSE approach, where 14 HSE areas, like training, risk management and occupational health are highlighted. They have started the implementation of this approach by giving each factory manager the responsibility for one area. This is meant to create local ownership and responsibility for the issue, so that HSE is not only imposed on the local facilities from Norway (Interview, Company 2b). Including the local management in the implementation is an example of using the local actors, and as such a form of localization. The same company has also implemented a practice called a "toolbox talk", where employees in the factories or workshops stop for 10 minutes during their work day and have a 10 minutes talk on HSE issues related to what they do (Interview, Company 2b). This is also localization, because the workers can discuss their understanding of problems as well as related episodes they have experienced. Similarly, the manager in Company 1 used to address HSE issues that he saw relevant when walking in the warehouse.

The other rule of enrolment is time marking; to give the concept in question a local past, present and future (Røvik, 2007:303). I also found numerous of examples of time marking in the HSE area. Company 4, for example, has a system where they register accidents and near-accidents, which they use all over the globe. The purpose is to learn from the events and promote accident preventive behaviour (Interview, Company 4). To use accidents that took place at their facilities gives the HSE issue in question a past, and trying to learn from the accident gives the particular HSE problem a future. The standard risk assessments that were performed by Company 5 are also time markers, because the local employees see the risks to their own health and safety that have occurred in the past, and how they can improve their operations for the future.

There were also variations in how the subsidiaries practiced HSE. The biggest difference was between the very large and the less large companies. The very large companies had

institutionalized HSE considerations to a greater extent than the less large companies. This is not surprising. The very large companies both had people who work solely with CSR and a large HSE apparatus. Examples of institutionalization are Company 4´s computer system where accidents are recorded. Company 2 has safety videos, HSE e-learning tools and specific safety manuals for certain activities (Interview, Company 2b). Some of this institutionalization is also present in the smaller companies, though to a lesser extent. Four of them had procedures, guidelines or manuals from Norway that they had to follow. Company 5 sent all of their staff for special training to their Netherland office.

Company 6 was the only company in my sample whose HSE practice were not much above the required standard. However, the company is located in al Jaddaf, an area that requires implementation of the international HSE standard ISO1800 (Drydocks World, n.d.). As such, the HSE practices of Company 6 are higher than what local law requires. An interesting feature about this company is that is has no head office in Norway. There is no parent organization to transfer the HSE practice from. KTT theory may still be useful, because it also captures how organizations adopt practices that are popular within their field. HSE practices can, for example, be recognized best practices. However, there is no central management in Norway that pushes for further HSE practices to be adopted. The absence of such a management may explain the absence of additional practices. On the other hand, the small size of the company (it has only 9 employees) may also explain why no additional HSE measures are put in place. Institutionalization of such standards is perhaps more likely and more necessary in larger companies with many units to manage. In Company 6, the owner is present and has the overview of all employees and all activities at most times (Interview, Company 6).

The modifying mode for translating practices is used when the translator wants to stay true to the original practice but needs to adapt it to the new contexts. Modification takes place through adding or subtracting elements in the adaption process (Røvik, 2007:311). One example of the modifying mode regarding HSE is health insurance (Table 3.1), which companies in Dubai and Abu Dhabi are required by law to provide for their employees. Most of the companies, however, made additions to the practice, and went above minimum requirements. Company 4, for example, included death insurance for their employees, because many of them are from countries where their family has no safety net if the employee dies (Interview, Company 4). Company 6´s health insurance covers the employees also when

they are in their home countries for vacation. All companies with operations in other Emirates covered all of their employees with the insurance, even though it is not required there. Company 1 had made another addition. The local manager had invested in private transportation for the employees to and from work, because he regarded the public busses as unsafe (Interview, Company 1).

### 3.2.2 Working conditions (wages, housing and other additions)

This section will first give an overview of the local law with regards to wages, housing and other elements related to working conditions. I will then assess whether the Norwegian subsidiaries have related CSR practices that go above local law. I also include elements mentioned by the managers that improve the work life or personal life of their employees.

<u>Local Law</u>

There is no minimum wage. Estimated average salaries are approximately 600 dirhams[3] for construction workers. According to the law, the workweek is maximum 48 hours and companies must pay overtime to employees that work additional hours (United States Department of State, 2014:31). Workers also have the right to an annual leave after two years. The UAE has an inspection regime in place to ensure compliance with the laws. According to the web site of the Ministry of Labour, there was an average of 1187 routine inspections per day in the fourth quarter of 2012 (Human Rights Watch, 2015a:21). However, the ILO states that the most common type of inspections target undocumented and illegal workers. Only a small percentage of visits are related to labour rights and working conditions. The vast majority of inspections are announced, and the visits may be delayed if the employer is not ready. There is no documented labour inspection policy or enforcement strategy. Neither are the inspection procedures and practices standardized (International Labour Organization, n.d.). As such, the lack of enforcement prevails with regards to wages and working hours as well.

It is common that sponsors under the Kafala system provide housing accommodation for their employees. Each Emirate enforce it´s own standard for housing accommodations. A cabinet decision of 2009 provides guidelines for new labour camps of 500 workers or more. It lays out health, safety and recreational requirements that must be in place in each facility.

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[3] Approximately 1200 NOK.

However, there are numerous reports of migrant workers who face poor living standards like overcrowded apartments and unhygienic labour camps (United States Department of State, 2014:34). Various reports by the media and human rights organizations have documented unsanitary and degrading conditions. Inspections by Dubai Authorities in 2008 showed that 70% of worker accommodation violated hygiene and safety rules. However, it is cheaper to pay the fines than to repaire the facilities (Sonmez, 2011:5). Because there are so many reports of poor housing conditions, I include this aspect in my assessment.

CSR performance of Norwegian companies

**Table 3.2: The CSR practices of the Norwegian subsidiaries in the area of labour conditions**

| | Breach local Law | Replicating mode | Modifying mode (all are additions) | Radical mode |
|---|---|---|---|---|
| **Company 1** | No | - Norwegian procedures when firing someone | -Extra housing allowance when rent recently went up<br>-Gives them extra money for vacation<br>-More caring work culture | |
| **Company 2** | No | | -Pays well above minimum standard<br>-Healthy lunch everyday in canteen<br>-Decent and clean housing, with start pack of new linens and other basic things. Maximum 2 people per room | |
| **Company 3** | No | | -Has implemented some Norwegian benefits | |
| **Company 4** | No | | -Bring Norwegian values into the relationship with employees<br>-Less tough when terminating a contract<br>-Try to help when employees have specific private financial problems<br>-Good housing standards, with nice interior and appliances | |
| **Company 5** | No | | -Medium class payment<br>-Extra wages to find housing independently<br>-Travel allowance on trips<br>-Rights and obligations of employees in handbook | |
| **Company 6** | No | | -Shares 50 % of profit with all employees<br>-Above minimum wages<br>-40 hours work week<br>-Housing allowance | |
| **Company 7** | No | | -Pays very well<br>-Less tough working culture<br>-Instead of firing employees with problems, try to retrain them to a more suitable position | |

None of the companies did, according to the interviews, breach local law with regards to labour conditions. The main mode of translation in this area seems to be the modifying mode (Table 3.2). As stated above, this mode is useful when adaptions to the new context are made, though the translator still stays true to the original idea. Here, the original idea seems to be "to treat our workers well". All of the companies mentioned this notion at one point in the interview:

*"We are concerned with our workers, and want them to be treated properly*
*and feel good in our company."* (Interview, Company 2a)
*"We bring our Norwegian values with us in the employment relation with*
*our employees. We treat our employees with respect"* (Interview, Company 4).

However, what "treating our workers well" means in practice will vary from country to country, from industry to industry and from company to company. As such, it is not a specific procedure that originates at the top and replicated throughout the company. According to Røvik (2007:297), there are sometimes a lot of local variations, and no central master plan. Also, when an idea or practice is not very explicit, it is hard to replicate (Røvik, 2007:309). These characteristics seem to be fitting here. Additions will take place when the specifics of a practice are unclear. It is a way to make the practice explicit (Røvik, 2007:312). In line with the theory, I found that companies added local practices to the idea "treating our workers well". The local manager at Company 1, for example, said that their Norwegian CEO had told him to not only meet the local requirements, but to exceed them. In practice, the local manager made this "demand" explicit in various ways. For example, instead of company housing, the employees get a housing allowance every month. When the rent increased in Dubai, Company 1 raised the allowance amount. The company also payed extra for vacations:

*"By law, we have to provide a ticket for them to go home once a year. We give*
*them more money than they need for the ticket, so that they can use the rest for*
*holiday money. It is a Norwegian initiative to go above the necessary requirement"*
(Interview, Company 1).

It was important for all of the companies that their employees had proper living conditions. The subsidiaries made this desire explicit through various additions. Many used the model of housing allowance. Some companies also had workers living in labour camps. Company 2 characterized their camp standard as "decent and clean". New workers got a start package with new linens and other basic things.

*"In the rooms, we put 2 people. Other companies would easily put 4 people there"*

(Interview, Company 2c).

Most of the companies said that they payed their workers well above the minimum wage, as seen in Table 3.2. The remaining companies did not state how much they pay their workers. Company 6 shared profit with them as well. The owner stated the following:

*"I take 50 %, and the other 50 % is shared between all the employees"*

(Interview, Company 6).


During the interviews, a lot of other "additions" came up. Each firm dealt with different issues, and addressed them accordingly. Many addressed their practices when terminating their employees. If a foreign employee looses his job in the UAE, he has one month to find a new one before he is deported. Several of the Norwegian companies said they tried to take the situation of the employee into account and possibly find other solutions before they would fire him.

*"The position of the employees is weak if they loose their job. They can be deported. Therefore we are softer on such issues than other companies here. We try to find solutions that work for us and the employee in question"* (Interview, Company 4).
*"Our driver fell asleep several times while driving. We knew that if we fired him, he would not get another job. He has no education. Therefore, we gave him a position in the warehouse instead"* (Interview, Company 7).


It seems like Company 1 used the replicating mode when firing people. According to UAE law, a notice must be given one week in advance (Interview, Company 1). The local manager of Company 1 had to follow specific Norwegian procedures if he wanted to let someone go:

*"To dismiss employees, we have two meetings and a lot of warnings, the Norwegian way. I know I have to explain it to the CEO in Norway if a contract is terminated. He will ask if I tried to improve the situation first"* (Interview, Company 1).

There were also other practices that were put in place to address local needs. Company 4 experienced that some employees had financial issues because of credit card dept. When the credit card company asked Company 4 to refuse to pay the wages, the company tried to find arrangements that worked for all parts, including the employees. Company 6 had a shorter workweek than required, 40 hours.

Interestingly, there are little variations between the companies on issues relating to labour conditions. The size or the industry of the companies does not seem to matter. The very large ones did not have a longer list of practices than the smaller ones. It seems like their practices are a combination of general things that the mother company highlighted, like "go above the required standard", and addressing local needs of their employees. In my view, these practices serve as localization. They answer very specific needs that the local employees deal with. They make the idea of the parent company, treating the workers properly, explicit.

### 3.2.3 The right to organize, bargain collectively and strike

This section will first give an overview of the local law with regards to the right to organize, strike and bargain collectively. I will then assess whether the Norwegian subsidiaries have related CSR practices that go above local law.

Local law

The UAE is a member of the International Labour Organization. However, the UAE has not ratified ILO Convention no. 87 on Freedom of Association and Protection of the Right to Organize. It has not ratified Convention No. 98 on the Right to Organize and Collective Bargaining either (Human Rights Watch, 2006:59). The ILO 1998 Declaration of Fundamental Principles and Rights at Work emphasizes, however, that all member states, including those that are not party to the conventions in question, have an obligation to allow freedom of association and collective bargaining. The ILO interprets the Declaration to mean that workers and employers have the right to form and participate in groups that promote and defend their occupational interest. The organization further requires the member states to incorporate these rights into their legal systems. This is not done in the UAE. Strike action, a right recognized by the ILO (Human Rights Watch, 2006:59-61), is deemed illegal in the UAE by a 2003 Ministry of Labour resolution (Human Rights Watch, 2015:22). Incidents are regularly reported where strikes by migrants result in mass deportation (Arsenault, 2013, May 23).

CSR performance of Norwegian companies

While adopting proper labour unions would be again the law in the UAE, Norwegian companies can create systems that try to imitate features of such associations. For example, the White Paper on CSR expects Norwegian companies to establish other arrangements that allow the employee´s views to be heard (Ministry of Foreign Affairs, 2009:36). All of the

companies I interviewed said that they give their employees the ability to address issues. However, the institutionalization of this opportunity varied to a large extent between the companies. Neither did all companies have platforms where their employees can address such issues jointly.

**Table 3.3: The CSR practices of the Norwegian subsidiaries regarding the right to organize, bargain collectively and strike.**

|  | **Breach local law** | **Replicating mode** | **Modifying mode** | **Radical mode** |
|---|---|---|---|---|
| **Company 1** | No |  | -Open door policy (addition)<br>-Allows employees to bring one extra person with them when they discuss contract terms (addition)<br>-No strike or collective bargaining (subtraction) |  |
| **Company 2** | No |  | -Engagement surveys<br>-Occupational Health & Safety Committees (addition)<br>-Camp bosses that workers can address for issues (addition)<br>-No strike or collective bargaining (subtraction) |  |
| **Company 3** | No |  | -Open door policy at all levels of the organization (addition)<br>-Manager always talks to the employees on the floor first when he visits a facility (addition)<br>-No strike or collective bargaining (subtraction) |  |
| **Company 4** | No |  | -Open door policy (addition)<br>-Audits from parent company, talks to all employees (addition)<br>-No strike or collective bargaining (subtraction) |  |
| **Company 5** | No |  | -Open door policy (addition)<br>-Regular employee meetings for feedback and opinions (addition)<br>-No strike or collective bargaining (subtraction) |  |
| **Company 6** | No |  | -Open door policy (addition)<br>-No strike or collective bargaining (subtraction) |  |
| **Company 7** | No |  | -Open door policy (addition)<br>-Meetings, like performance appraisals, where they can address issues (addition)<br>-No strike or collective bargaining (subtraction) |  |

Particularly in this area, there were large variations between the companies (Table 3.3). Their

size seem important. The very large companies had institutionalized practices that allowed the employees to have their voice heard. They used some of the procedures from the parent companies as opportunities to allow the workers to address wishes and needs. Company 2, for example, make their employees complete engagement surveys regularly (Interview, Company 2a). Company 4 have independent audit groups that report directly to the regional manager. They speak with the employees, who can address issues they have (Company 4). The fact that people from the parent company and not the subsidiary perform the audit might make it easier for the employees to speak freely.

As can be seen in Table 3.3, the practices that address this issue are classified within the modifying mode. Companies used practices like performance appraisals or other employee meetings as platforms for feedback from employees on how to improve. I still classify the practices as within the modifying mode because in the absence of labour unions, they are of an additional importance. These practices are the only ways in which the employee can state his opinions and complaints. Company 2 had several forums for this purpose. The initiative in my findings that was the most reminiscent of a trade union was their Occupational Health & Safety Committee. The Committee was comprised of the management as well as employee representatives from all the different labour camps. They had quarterly meetings and used an action log, and are supposed to deal with issues related to HSE. However, in practice, the agenda has been broadened, and other issues can be added:

> *"They can bring up any issue that bothers them. Once the employees said that when they had late lunch, there was little food variety in the canteen"*
> (Interview, Company 2c).

Company 2 also has "camp bosses" in each camp, which the workers can address for issues. The camp boss is then brings the issue to the Human Resources Manager (Interview, Company 2c). As such, it is the very large companies that have employee influence institutionalized to the largest extent. These organized practices are excellent examples of localization, because employees can address the local needs and wishes they have or struggle with.

The most common practice among the companies was without a doubt what the managers called an "open door policy". Many of the managers said they brought this practice from the Norwegian business culture. They emphasized that they encouraged all of their employees to come to them at any time if they had issues.

> *"I have an open door policy for my managers, and I tell them to have an open door*
>
> *for their employees on the floor"* (Interview, Company 3).

However, this practice is little institutionalized, and workers from other cultures, especially those that emphasize hierarchy, may not feel comfortable addressing their managers. One manager recognized this aspect:

> *"We have an open door policy. Whether they use this opportunity is, however,*
>
> *something else"* (Interview, Company 7).

The "open door policy" lacks the component of addressing something jointly, which is one of the strength of labour unions. A worker alone against an employer has little leverage. Joint complaints carry a greater stick. Company 2´s Occupational Health and Safety Committee and camp bosses included this aspect to a larger extent.

Subtraction, which may also take place within the modifying mode, means to make a practice less explicit and more implicit (Røvik, 2007:312), perhaps because the translator does not want to challenge the local culture (Røvik, 2007:314). Omission is a radical form of subtraction. In the translated version, the translator completely omits certain elements of the original idea or practice (Røvik, 2007:313). Two crucial practices were omitted by all of the Norwegian companies that I interviewed. None of the companies had created alternatives to collective bargaining or the right to strike. Only one company manager said he had a practice that is reminiscent of collective bargaining. He allowed his employees to bring a co-worker into personal meetings for moral support.

> *"If an employee wants to discuss the terms of their agreement, they can bring*
>
> *another employee with them into my office for support"* (Interview, Company 1).

As such, these ILO rights are not upheld for the employees of Norwegian subsidiaries in the UAE. The practices are omitted intentionally because they are prohibited in the UAE. There may not exist alternatives to collective bargaining and strike action that do not break local legislation.

### 3.3 Summery

All of the Norwegian companies interviewed exceeded the UAE labour standards with regards to HSE, labour conditions and the right to organize collectively. Different rules of

translation were used to transfer different labour rights practices from the Norwegian parent companies to the subsidiaries in the UAE (Table 3.4).

**Table 3.4: The most common mode of translation in each of the three labour rights areas**

| Health, Safety & Environment | The replicating mode |
|---|---|
| Labour conditions | The modifying mode |
| Right to organize, bargain collectively, strike | The modifying mode |

As Table 3.4 shows, the replicating mode was prevalent when transferring HSE standards. Whether it was international standards or HSE procedures created by the parent companies, the subsidiaries had to copy them as much as possible, and were generally given little freedom to modify the practices. Many parent companies audited or inspected their UAE subsidiaries, to make sure that the required standards were followed. However, the modifying mode was the most popular in the area of labour conditions. Here, the parent company had a rather general requirement – to treat their workers properly. The local managers then added practices that they believed were necessary for the workers to be treated well. Examples of such additions are higher wages than the minimum requirement, sharing the company profit with the workers, above average housing standards or extra holiday money. The modifying mode of translation was also used with regards to the right to organize, bargain collectively and strike. Some companies used standard practices like engagement surveys or performance appraisals to hear the opinions of the employees. Within this area, there were large variations between the companies. The very large companies had institutionalized their practices. Particularly Company 1 stood out with an Occupational Health & Safety Committee, where all camps are have representatives. However, most of the companies were content with informal policies like "an open door". As one manager mentioned, one should not take for granted that all employees will use this opportunity, even if they have issues. It could, though, possibly work if the organizational structure is very flat. Two notable practices that were omitted by all the companies are the worker´s right to strike and collective bargaining. However, these rights are against UAE law and it is possible that there are no alternative ways to carry them out. In sum, however, it is safe to say that all of the subsidiaries performed above local law in most areas.

# CHAPTER 4

## 4.1 Introduction

This Chapter will first deal with the second level of my thesis. Here I address the second sub-question: Does internal steering by the Norwegian parent companies lead to more responsible Norwegian subsidiaries in the area of labour rights in the United Arab Emirates? I also attempt to answer the third sub-question: Does the Norwegian CSR policy, as implemented and exercised by the Norwegian Embassy and Innovation Norway office in the United Arab Emirates, lead to more responsible Norwegian subsidiaries in the area of labour rights? I will identify the factors that explain the CSR practices of the Norwegian companies in the UAE. I have three possible independent variables. The first one is internal steering within the companies. The second possible independent variable is the Norwegian CSR policy in the area of labour rights as implemented and exercised through the Norwegian Embassy in the UAE. My third possible independent variable is the Norwegian CSR policy in the area of labour rights as implemented and exercised through the Innovation Norway office in the UAE. The Chapter proceeds to deal with the third level of my thesis. In this section I try to answer the fourth sub-question to my research question: Why do the three steering actors influence the companies´ CSR practices in the area of labour rights differently?

I start by assessing whether my first independent variable, internal steering, has any influence on the CSR practices of the companies in the area of labour rights. For this purpose, I use Hveem´s overview of strategies that influence companies internally. I analyse the second and third independent variables together, because they are both aspects of Norwegian policy. First, I use Matland´s theory of implementation to examine how the policy is implemented in the Norwegian Embassy and the Innovation Norway office in the UAE. I then use Hill & Hupe´s governance framework to assess how the Embassy and Innovation Norway in the UAE exercise the Norwegian CSR policies. How do they try to steer Norwegian companies to become more socially responsible in the area of labour rights? I proceed to assess the influence of each of my three independent variables on the CSR practices of the Norwegian subsidiaries. I conclude the Chapter by analysing why the three steering actors I examine influence the companies´ CSR practices in the area of labour rights differently. I draw on insights from KTT theory and Hill & Hupe´s governance theory to address this aspect.

## 4.2 Independent variable 1: Internal steering within the companies

This section will examine how much influence internal steering has on the CSR practices of the subsidiaries in the area of labour rights. According to Hveem (2009:397), formal internal steering, like procedures or orders from the management, is one possible influence on company behaviour (Table 4.1). At least five managers stated that they have some kind of formal procedures in place from their parent company in Norway, like an ethical standard or a code of conduct. Such procedures seem to be a very important factor in explaining the CSR practices of the subsidiaries. As analyzed in Chapter 3, the replicating mode was widely used when translating the CSR practices from the parent company to the subsidiaries, particularly in the area of Health, Safety & Environment (HSE). Most of the subsidiaries had from their parent companies received detailed procedures of measures and training to implement in their operations in the UAE. Often, the management in Norway had decided to certify company facilities in the UAE according to international standards.

**Table 4.1: Types of control over the companies. Internal control is my first independent variable.**

|  | External | Mix | Internal |
|---|---|---|---|
| **Formal** | 1. Ownership<br>Regulation by law<br>Contractual rules | 2. Open agreements between companies, voluntarily<br>Steering by mandate | 3. Internal procedures in companies,<br>Line organization<br>Orders by company management |
| **Mix** | 4. Negotiated agreements between companies and trade unions<br>Political support by the state | 5. Agreements between companies and NGOs<br>Incentives by the state | 6. Network organization<br>Agreement with subcontractor |
| **Informal** | 7. Bargaining power of contractor<br>Consumer action | 8. Non-public "backroom deals" with internal and external actors | 9. Local expertise<br>Position in the production or value chain |

Orders from company management were crucial for the HSE practices of the subsidiaries. I found many characteristics of a hierarchical chain of translation, an element incorporated in what Hveem calls line organization in his table. A hierarchical chain of translation has a top-down orientation, where ideas enter an organization via the top management (Røvik, 2007:294). I found many examples of that in the area of HSE in my sample. As stated above, most are required to replicate HSE standards of their Norwegian parent company. The management of many of the companies have decided to implement certain HSE practices in their respective subsidiaries all over the world. According to Røvik (2007:294), the most important power for implementation in the hierarchical chain is the hierarchic authority. Such

authority is central to implementing management orders in the UAE subsidiaries. A second feature of the hierarchical chain of translation is limited freedom for local interpretations. As discussed in Chapter 3, most of the subsidiaries experienced that their parent companies in Norway regularly audited their HSE practices, and made sure it was within accepted standards. For example, Company 1 stated that:

> *"The mother company visits several times a year. The CEO comes 2-3 times,*
> *and the founder visits us once a year. They always check that we keep their*
> *HSE procedures"* (Interview, Company 1).

A third characteristic of a hierarchical translation chain is that the idea transforms from abstract to concrete and materializes as it goes down the chain (Røvik, 2007:295). Many companies explained that they had quite specific instructions. Company 2 showed me manuals, sent from the head office, instructing them how to handle chemicals and toxins. While the local site could create the specific procedures, the Norwegian office would check whether procedures were in line with the manuals. As such, it seems like formal, internal steering has affected the UAE subsidiaries particularly in the area of HSE.

Formal, internal self-regulation also influences labour condition practices. Here, I found that the modifying mode was mainly used in the translation process from the parent company in Norway to the subsidiary in the UAE. The Norwegian management clearly engaged in issues regarding labour conditions as well, and the UAE subsidiaries knew that poor practices in this area would have consequences:

> *"The Norwegian parent company has a level of expectations and demands. In this*
> *country employers can behave like tyrants. If I did that, the Norwegian parent*
> *company would fire me"* (Interview, Company 1).
> *"It is the intention of the Norwegian CEO that all workers in the company here in*
> *the Middle East have the same benefits and coverage as the work force in Norway"*
> (Interview, Company 3).

However, many of the CSR practices in the area of labour conditions were implemented because the managers in the UAE noticed employee needs and responded to them. Such local competence is labelled informal internal control in Hveem´s Table. The additions to the labour conditions listed in Table 3.2 are examples of steering by local competence. Extra payment for vacations, a solution oriented attitude when employees had financial trouble or to

put less people than required in each room in the labour camp shows that the manager addressed problems for their local employees.

A mix of formal and informal strategies of internal steering also characterized the CSR practices that addressed the right to organize, strike and bargain collectively. Some procedures implemented by the parent companies were used, like performance appraisals or internal work meetings to let the voice of the employees be heard. However, I regard the most common practice, the "open door policy", to be a result of local competence. The managers know that their employees do not have the opportunity to engage in unions that may look after their interests, and emphasized that they encouraged their employees to come to them with their work problems.

> *"I always say that my door is always open. If it is closed, knock. I included this*
> *aspect in the contract of the employees"* (Interview, Company 1).

Moreover, the right to organize, bargain collectively and strike has also been omitted because of local competence. Because of UAE law, the managers have not had a choice on the matter.

One company in my sample, Company 6, does not have a Norwegian parent company. It is owned and managed by a Norwegian who resides in the UAE. Here, the formal and informal ways of internal self-regulation are mixed together. His decision to share 50 percent of the profit with the employees or to extend the health insurance to cover their home countries, is both an order from him as the owner, and a result of his local competence.

In sum, it seems like all of the labour rights areas examined were affected by the Norwegian parent companies´ internal steering. This type of influence was sometimes formal, particularly in the area of HSE. Here, the parent companies often had clear procedures and orders that were implemented in their UAE subsidiaries. Most of the parent companies checked and audited the result of this implementation. Internal and informal steering was also used a lot. The local competence of the UAE managers enabled them to initiate various practices, particularly in the area of labour conditions and with regards to the right to organize, bargain collectively and strike.

## 4.3 Independent variable 2 and 3: The Norwegian CSR policy in the UAE

In this section, I will examine my two other independent variables; the Norwegian CSR policy in the area of labour rights as implemented and exercised by the Norwegian Embassy in the UAE (independent variable 2), and the Norwegian CSR policy in the area of labour rights as implemented and exercised by the Innovation Norway office in the UAE (independent variable 3). I will start the section by examining how the Norwegian CSR policy is implemented in the Norwegian Embassy and Innovation Norway office in the UAE. I will use Matland´s implementation theory for this purpose. Then I proceed to assess how the policy is exercised towards Norwegian companies in the UAE through the same public institutions. I apply Hill & Hupe´s model of governance for this purpose.
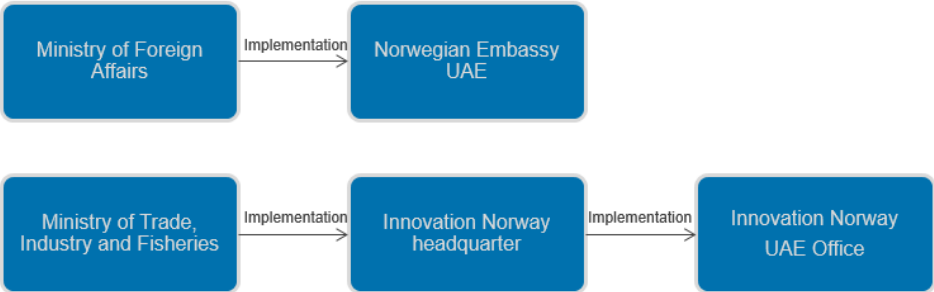
### 4.3.1 Implementing the Norwegian CSR policy in the UAE

This section will discuss how the Norwegian Embassy and the Innovation Norway office in the UAE implement the CSR policy of the Norwegian Government. These public institutions play an important role in exercising these policies. For example, the official from the Norwegian Ministry of Foreign Affairs (MFA) stated that:

> *"We envisage that the Embassies have a key role. They are in the front line all the*
>
> *time"* (Interview, Ministry of Foreign Affairs).

As Figure 4.1 shows, there is only one step of implementation between the Ministry of Foreign Affairs and the Embassy in Abu Dhabi. There are, however, two steps between the Ministry of Trade, Industry and Fisheries and Innovation Norway UAE. The implementation goes through Innovation Norway´s headquarter in Oslo.

**Figure 4.1: The implementation steps for the CSR policy to the public instruments in the UAE**



In the following paragraphs I will use Matland´s model of implementation to understand how the Embassy and Innovation Norway office exercise the Norwegian CSR policy in practice. According to Matland, two characteristics decide which type of implementation takes place:

conflict and ambiguity.

Conflict exists when there is an incompatibility of objectives, independence of actors and a perceived zero-sum element. The difference may arise regarding goals or means of a policy (Matland, 1995:156-157). Politically in Norway, there is generally a high degree of consensus on foreign policy issues. There is little conflict regarding the importance of the CSR policy among the various political parties (Interview, Ministry of Foreign Affairs). The policy has continued through changing Governments, where almost all political parties have been represented. On the bureaucratic level, none of my informants viewed the CSR policy as controversial or attached to conflicts either. The informant from the Ministry of Foreign Affairs explained that the topic previously was divided between the Section for Business Promotion and Development and the Section for Human Rights and Democracy. However, the Section for Business Promotion and Development now has the sole responsibility for CSR (Interview, Ministry of Foreign Affairs).  It is possible that giving the responsibility to one section partly explains the lack of conflict among bureaucrats. It prevents a zero-sum game where various sections try to grab more resources. It also prevents incompatibility of objectives, because only a few people within the Foreign Ministry deal with the topic. CSR promotion, business promotion and business development seem to go well together, and no conflict was mentioned. On the contrary, the informant from the Ministry of Foreign Affairs said that they try to make the Embassies include CSR in activities that promote business and business development.

> *"When we receive drafts for business trips or seminars from the Embassies, we*
> *often suggest that they include relevant CSR aspects in the program as well"*
> (Interview, Ministry of Foreign Affairs).

The official from Innovation Norway in did not Oslo mention conflicts regarding CSR either. The implementation of the Government´s CSR policies in Innovation Norway seems to have followed top-down recommendations of clear responsibilities and a limited number of actors (Matland, 1995:147). Based on the paragraphs above, I conclude that there is little conflict towards the CSR policy of the Norwegian government.

The other decisive aspect of Matland´s model is ambiguity. It has two categories. Ambiguity of goals is likely when clarity creates disagreements that prevent a policy from adoption, or when a problem is poorly understood. Hveem (2009:404) criticized the White Paper on CSR by for being vague and unspecific regarding the actual change they want from the companies.

For example, the policy document states that Norwegian companies are expected to be at the forefront in respecting human rights, base their operations on the ILO core conventions and maintain HSE standards that safeguard the health and safety of employees (Ministry of Foreign Affairs, 2009:13). However, what exactly does it mean to respect fundamental human rights? And what does "expect" mean in practice? The other relevant White Papers are equally vague. Because of the lack of clarity exemplified here, I regard the policy goal as ambiguous.

The other category is ambiguity of means. Such ambiguity may appear, for example, when the context is so complex that it is difficult to understand which tools to use, how to use them and what their effect is (Matland, 1995:159). This seems to be the case with the CSR policy. The context is highly complex. The policy is designed to be relevant for all global markets, which have extremely different laws, regulations, standards and cultures. The White Paper on CSR states the following regarding the Embassies:

> *"The Government will make active use of Norwegian diplomatic and consular missions to increase awareness and knowledge in the Norwegian private sector about the challenges and opportunities involved in doing business in developing countries"*
> (Ministry of Foreign Affairs, 2009:95).

It is unclear what "increase awareness and knowledge" means in practice. The informant from the Ministry of Foreign Affairs confirms this view:

> *"The Embassies have not received a specific procedure of how to implement CSR. We do, however, expect that they include CSR in certain activities like business meetings"* (Interview, Ministry of Foreign Affairs).

Similarly, the instruction to Innovation Norway´s international offices is to provide advice and promote awareness among the companies. CSR is mentioned in the ownership letter from the Ministry of Trade, Industry and Fisheries. The letter mentions the expectations to Innovation Norway´s customers and the institution´s role in giving advice. It does not, however, specify how the advice should be given  (Interview, Innovation Norway Oslo).

> *"The international offices give advice"* (Interview, Innovation Norway Oslo).

As such, I conclude that the CSR policy is ambiguous regarding which means to use as well as how to use them. Because the conflict is low and ambiguity high, the policy falls into Matland´s category of experimental implementation (Table 4.2).

**Table 4.2 Matland´s theory of implementation: the Norwegian CSR policy falls into the category of experimental implementation.**
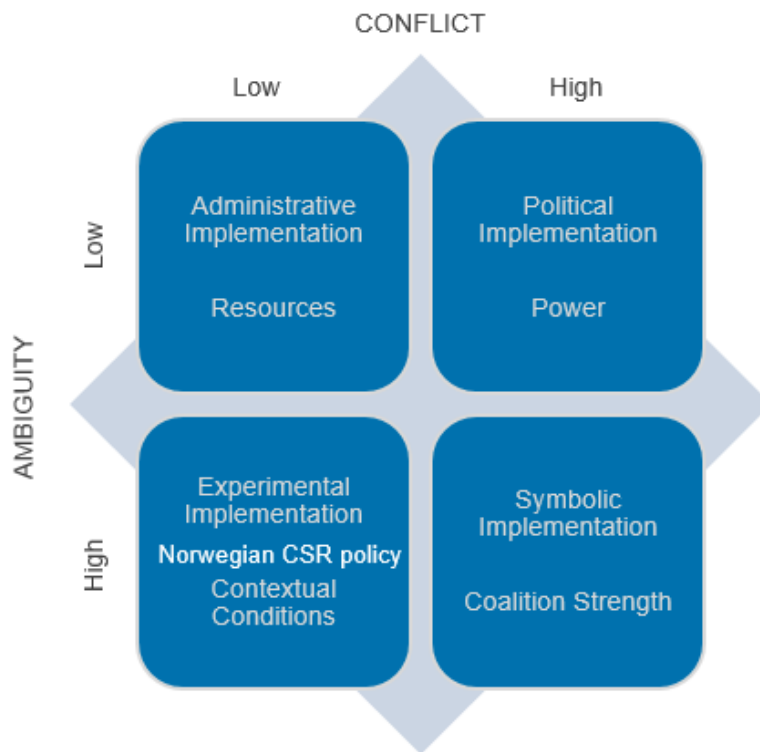


Experimental Implementation

When implementation is experimental, the process is dominated by the context. Program activities vary across settings (Matland, 1995:165-166). The context in the UAE is very central to the implementation of the CSR policy at the Embassy. Because labour rights are particularly relevant in the UAE, issues relating to labour rights are particularly focused on in the CSR work of the Embassy.

> *"We are very concerned with the labour rights and proper working conditions.*
> *This is particularly relevant for businesses here. Labour conditions like health, safety and environment, or treating the workers properly, can be a challenge in this region"*
> (Interview, Embassy UAE).

Other aspects in the White Paper on CSR, like the rights of indigenous people, were not mentioned at all in the interviews. These issues are not relevant to the UAE context. As such, in line with the theory of experimental implementation, the context decides which CSR focus the two public institutions have.

A second aspect of experimental implementation is that actors in the micro-implementing environment, as well as their feelings, the intensity of their participation and demand on their time, largely affect the outcome (Matland, 1995:166). This view is based on the bottom-up

perspective, which focuses on the street-level bureaucrats (Hill & Hupe, 2014:53). The official from the Ministry of Foreign Affairs stated that the diplomats at the various Embassies have different levels of expertise, which may affect they way the CSR policy is understood and implemented.

> *"Our people have different backgrounds, with different expertise. When sent to a Mission, they all have to discuss labour rights or migration challenges, even though they have different qualifications. It will always be like this – people are good at different things"* (Interview, Ministry of Foreign Affairs).

The official highlighted, however, that the MFA gives all diplomats some training on CSR before they are sent abroad.

The former Ambassador of the Embassy in the UAE, who completed his term in June 2015, took part in writing and developing the White Paper on CSR. His understanding of and interest in the issue may have shaped the ways the Embassy promotes it to the Norwegian companies. It can also explain why CSR is highly prioritized at the Embassy in Abu Dhabi:

> *"CSR has priority at the Embassy. It is a prioritized area in our operational plan"* (Interview, Embassy UAE).

The Innovation Norway representative in the UAE, however, tried to avoid the topic of CSR when dealing with the companies:

> *"CSR is such a grey area. I prefer to do the business part, like market surveys. If I am asked, I will advice them on CSR issues. If I am not asked, I prefer not to touch this topic* (Interview, Innovation Norway UAE).

As Matland predicts, his feelings of ambiguity towards CSR affects the way he practices it towards the companies. The demand on his time also affects his CSR efforts. As mentioned earlier, Innovation Norway does not have a proper office in the UAE. Their representative also has a full time job as an associate professor. The Innovation Norway official in Oslo said that they had more CSR activities in the UAE when they had a proper office there.

> *"In the UAE, we did more with regards to CSR earlier, when we had an office there. Now we are a lot more active in other countries"* (Interview, Innovation Norway Oslo).

Another characteristic of experimental implementation is that it gives room to bureaucratic entrepreneurs, who shape the policies to meet local needs. The Embassy in Abu Dhabi has created their own method based on the local context. There are several large, Norwegian companies operating in the UAE, which have extensive CSR practices. The Embassy creates

platforms where these large companies present their practices for smaller Norwegian companies. This way the smaller businesses can learn from the best practices of the larger ones.

> *"We use the large companies as good examples for the smaller companies. This is our model of teaching"* (Interview, Embassy UAE).

This method, where the small companies learn from the larger ones, is a good example of bureaucratic entrepreneurship.

To sum up, because the Norwegian CSR policy has ambiguous goals and means, experimental implementation has been used when implementing the policy in the Norwegian Embassy and the Innovation Norway office in the UAE. The two public institutions have interpreted their obligations very differently. The Embassy has prioritized CSR and engaged in bureaucratic entrepreneurship on the issue, while the Innovation Norway representative tries to avoid the topic. The reason for the differences may be that the local actors´ feelings towards the topic differ and that the demand on their time vary. This is in line with the predictions of experimental implementation.

### 4.3.3 Steering through Governance

This section will analyze how the Norwegian Embassy and Innovation Norway office in the UAE exercise the Government´s CSR policy, and try to steer Norwegian companies in the UAE towards a good CSR practice. According to Hveem (2009:404), the White Paper on CSR advocates for a "soft" form of governance towards Norwegian companies. The steering method that the White Paper promotes is to communicate that the Government *expects* a good CSR performance by the companies.

**Table 4.3: Hill & Hupe´s three modes of governance. The Norwegian CSR policy is exercised through the Regisseur mode**

| Circumstances | | | |
|---|---|---|---|
| *Ambitions*<br>*Independency* | ++<br>++ | +/-<br>-/+ | ++<br>- - |
| **Fitting governance role** | "CEO" | "Inspector" | "Regisseur" |
| **Fitting mode of operational governance** | "Enforcement"<br>(Management via inputs) | "Performance"<br>(Management via output) | "Co-production"<br>(Management via outcome as shared results |
| **Operational activities** | | | |
| *Managing policy process* | Making mandates explicit | Creating "interfaces" | Appealing for responsibility |
| *Managing inter-organizational relations* | Creating clarity on tasks and competences<br>Taking care of sufficient resources | Enhancing contract compliance | Realizing partnerships |
| *Managing (external and internal) interpersonal contacts* | Enhancing motivation and internalization | Enhancing and maintaining service orientation | Enhancing professionalization |
| | Realizing compliance to standard operation procedures<br>Leadership<br>Training on the job | Rewarding target compliance | Organizing response |
| **Central mechanism** | "Rules" | "Contract" | "Trust" |

The soft steering that Hveem writes about fits nicely into the persuasion mode of governance in Hill & Hupe´s model (Table 4.3). The metaphorical role given to the government in this mode is a *Regisseur*, which provides interpretation, direction and suggestions, but remains invisible in the actual play. The *Regisseur* has high ambitions, but is highly dependent on other actors to reach his goal (Hill & Hupe, 2014:185). The Government certainly has high ambitions regarding the CSR performance of private companies. It expects them to be at the forefront internationally in terms of exercising CSR (Ministry of Foreign Affairs, 2009:13). To reach this goal it is, however, completely dependent on the private companies themselves.

> *"We promote the Norwegian model and we communicate what the Norwegian*
> *Government expects from Norwegian businesses. But it is the companies*
> *themselves that exercise CSR in practice"* (Interview, Embassy UAE).

The official from the Ministry of Foreign Affairs further stated that the Norwegian Government is dependent on good behavior by Norwegian companies. Poor standards in a Norwegian company can damage Norway´s reputation (Interview, Ministry of Foreign Affairs).

Playing the *Regisseur* role, the Ministry of Foreign Affairs, the Embassies and Innovation Norway offices try to provide interpretation, direction and suggestions regarding CSR to

Norwegian companies abroad. To communicate the Government´s expectations to the companies is a way to suggest direction for their behavior.

> "T*he MFA communicates our expectations in various ways. We state the expectations in debates, meetings and other forums where we are invited. We try to make our expectations visible in printed material that the MFA publishes, as well as when politicians speak to the business community. The Embassies have key roles. When they have meetings with Norwegian companies, we expect that the Embassies highlight the Government´s expectations* (Interview, Ministry of Foreign Affairs).

Innovation Norway in Oslo has included a clause in the sales offers where they outline CSR expectations to the companies that buy their services. This offer is also used by their international offices, and was mainly put in place to make it easier to discuss CSR with the companies.

> "*We have included a clause in the sales offer draft where we write that we expect the companies to safeguard ethics, the environment, human rights and corruption. This clause gives the local Innovation Norway consultant a chance to raise the issue, which can sometimes be awkward*" (Interview, Innovation Norway Oslo).

As such, the Government tries to steer the businesses by communicating their expectation, and persuade the companies to adopt a good CSR practice. Even though Innovation Norway includes CSR in the sales offers, it is an expectation and not a requirement

In this thesis, it is the organizational level of Hill & Hupe´s model that is relevant. Here, the model expects partnerships to be key in the way the Government handles inter-organizational relationships. In this thesis, the most relevant inter-organizational relationship is between the Embassy and the Norwegian subsidiaries, and between Innovation Norway in the UAE and Norwegian subsidiaries. Midttun (2008:409-410) provides an overview of 3 strategies that can be used to exercise such partnered governance – facilitating, partnering and endorsing. I found evidence of all of these strategies in the work of the Embassy in Abu Dhabi. Innovation Norway UAE only uses the first strategy (Table 4.4).

**Table 4.4: Governmental strategies of co-production: Application by the Embassy and Innovation Norway office in the UAE**

| Government roles | Examples | Embassy UAE | Innovation Norway office UAE |
|---|---|---|---|
| **Facilitating** | -Raising awareness<br>-Assisting<br>-Disseminate information | -Assist/advice in conversations<br>-CSR info on the web | -Assist/advice in conversations<br>-Helped creating the web site with CSR info |
| **Partnering** | -Bring together competences and resources<br>-Act as participant, facilitator, convener | -CSR seminars | |
| **Endorsing** | -Honorary mentions | -Picks companies to represent best practices | |

Facilitating means assisting or giving incentives to companies to perform well in relation to CSR. Other examples are disseminating information or raising awareness. The Embassy in Abu Dhabi tries to assist and raise awareness among companies on CSR issues relating to labour rights when they meet companies for the first time.

> *"Companies are often interested in an informal meeting with the Embassy when they first arrive. CSR-related challenges like the rights and conditions of workers in this country are often discussed in this setting. Sometimes it is a natural part of the conversation, and sometimes we have to point it out to them"* (Interview, Embassy UAE).

Innovation Norway UAE also uses conversation to create awareness and give assistance:

> *"Give advice in conversations is one way I promote CSR"* (Interview, Innovation Norway UAE).

The Embassy further tries to spread information about CSR related issues at their webside. According to the Innovation Norway official in Oslo, Innovation Norway took part in developing these documents (Interview, Innovation Norway Oslo). The website gives an overview of challenges to CSR in the countries that fall under the Embassy´s jurisdiction (Norwegian Embassy in Abu Dhabi, 2014). Labour rights are an important segment on this page. To sum up, the Embassy and Innovation Norway UAE engages in facilitating through assisting and raising awareness about CSR in informal meetings with Norwegian companies. They also disseminate information about CSR through the web site of the Embassy.

The second category that Midttun points out is partnering. Acting as partners can be bringing together resources and experts for a discussion on how to tackle CSR challenges, aimed at

catalyzing self-regulation among businesses. The authorities may act as participants, conveners or facilitators (Fox et al, 2002:6). The Embassy in Abu Dhabi has arranged two CSR seminars for Norwegian companies. The last one was in October 2014 in Dubai. The Ambassador of Norway to the UAE spoke about the White Paper on CSR and the expectations that the Norwegian authorities have to the Norwegian business community. The Embassy was therefore a participating partner according to Midttun´s framework. The local government was represented through a lecture by a figure from the Dubai Electricity Water Authority. A local NGO, Arabia CSR Network, also had a presentation. The main part of the program was five Norwegian companies, Statoil, Kongsberg, Wilhelmsen, Norsk Hydro, Jotun and DNV-GL, which presented their CSR initiatives as best practice (Interview, Embassy UAE).

> *"We could have invited people from the Ministries in Norway to hold lectures for the Norwegian business community. Instead, we hand it over to the businesses themselves"* (Interview, Embassy UAE).

A third category discussed by Midttun is endorsement. The Government can endorse good practice through policy documents, or by direct recognition of the companies (Fox et al, 2002:6). The Embassy engages in endorsement when they invite Norwegian companies to present their CSR strategies as best practice. Not only are the companies publicly acknowledged in front of other companies, but also before representatives from the local authorities in Dubai, which can improve their business standing.

> *"At the CSR seminar, they included local authorities. This can be a useful contact"* (Interview, Company 2a).

Innovation Norway UAE does not engage in partnering or endorsing, according to my findings.

To sum up, both the Norwegian Embassy and the Innovation Norway office in the UAE try to govern through co-production when they exercise the CSR policy. Both of the public institutions engage in facilitating by giving advice and raising awareness to Norwegian companies. The Embassy also uses the strategy of partnering when they arrange CSR seminars, and the strategy of endorsement when they publicly present the CSR practices of some Norwegian companies as best practices.

## 4.4. Influence of the Independent Variables

So how do my three independent variables influence Norwegian subsidiaries´ CSR practices in the area of labour rights in the UAE? This section tries to answer the second and third sub-question of the thesis. It will assess how internal self-regulation within the companies (independent variable 1), the Norwegian CSR policy as exercised by the Norwegian Embassy in the UAE (independent variable 2) and the Norwegian policy as exercised by the Innovation Norway office in the UAE affect the company practices (independent variable 3).

### 4.4.1 Independent variable 1

The first possible independent variable is internal steering within the companies. Internal self-regulation had a major effect on the CSR performance of the companies. I found evidence of both formal and informal internal influence in my sample. Internal procedures and orders from the management, both originating from the parent companies in Norway, may to a large extent explain the subsidiaries´ CSR practices in the area of Health, Safety and Environment (HSE). The subsidiaries had replicated, to the extent possible, the HSE standards of their parent companies. Some had, at the request of the parent company, implemented international HSE standards. The HSE practices were translated through hierarchical authority, as the parent companies were closely monitoring whether the subsidiaries complied with their accepted standards. Formal internal influence can also explain the subsidiaries´ practices in the area of labour conditions. The company management in Norway expected, in many instances, a certain standard with regards to labour rights. Informal internal influence, like local competence, further explains a lot of the practices that were added in the UAE. Private transportation for employees because of the dangerous traffic or a health insurance that covers the home countries of the workers as well are examples where local expertise is important. Both formal and informal internal steering was also important with regards to the right to organize, bargain collectively and strike. Some company procedures, like performance appraisals, were used to give the employees a voice. All of the local managers further stated that they emphasized an open door policy.

As such, internal steering within the companies is a crucial factor when explaining the subsidiaries´CSR practices in the area of labour rights. It is not surprising that the Norwegian parent companies are concerned with labour rights in their global operations. According to Gjølberg (2013:292; Gjølberg 2009:627-628), the domestic institutional environment of a company can impact it´s CSR performance. As stated before, Nordic companies are identified

as frontrunners with regards to CSR (Gjølberg, 2013:292). The welfare state with its laws and regulations, NGOs that monitor company activities, the tripartite system and institutionalized dialogues with unions, the community and investors have created a socially embedded economy in Norway. In turn, this environment fosters responsible corporate behaviour (Campbell, 2007 in Gjølberg, 2013:292). Embedded in this context, the parent companies in Norway have transferred high standards in the area of labour rights to their subsidiary in the UAE.

### 4.4.2 Independent Variables 2 and 3

My second possible independent variable is the Norwegian CSR policy in the area of labour rights as implemented and exercised through the Norwegian Embassy in the UAE, and my third possible independent variable is the Norwegian CSR policy in the area of labour rights as implemented and exercised through the Innovation Norway office in the UAE. However, none of the companies´ UAE managers stated that they had been in contact with the Norwegian Embassy or the Innovation Norway office on matters relating to CSR in the area of labour rights. Two of them had never been in touch with the Embassy at all. Company 2 and Company 4 had participated at the Embassy´s CSR event in 2014, but as presenters of best practice and as good CSR examples for others to follow. They are therefore not in the target group of the Embassy. I also asked the local company managers whether they felt that the Norwegian Government expected that they had a high standard in the area of labour rights. None of the companies said that they felt such expectations. One company manager said that:

> "*The expectations to our CSR performance mostly originate from the head*
> *quarters in Norway, not the Government*" (Interview, Company 4).

While it is possible that the headquarters in Norway feel the expectations by the Government, it is still interesting that none of the local company managers felt this obligation. In any case, I must conclude that the Norwegian CSR policy in the area of labour rights as implemented and exercised through the Norwegian Embassy and Innovation Norway office in the UAE had no influence on the Norwegian companies´ CSR practices in the area of labour rights. As Figure 4.2 shows, internal steering within the company was the only independent variable that affected the companies´ practices.

**Figure 4.2: Only independent variable 1 influenced the dependent variable**
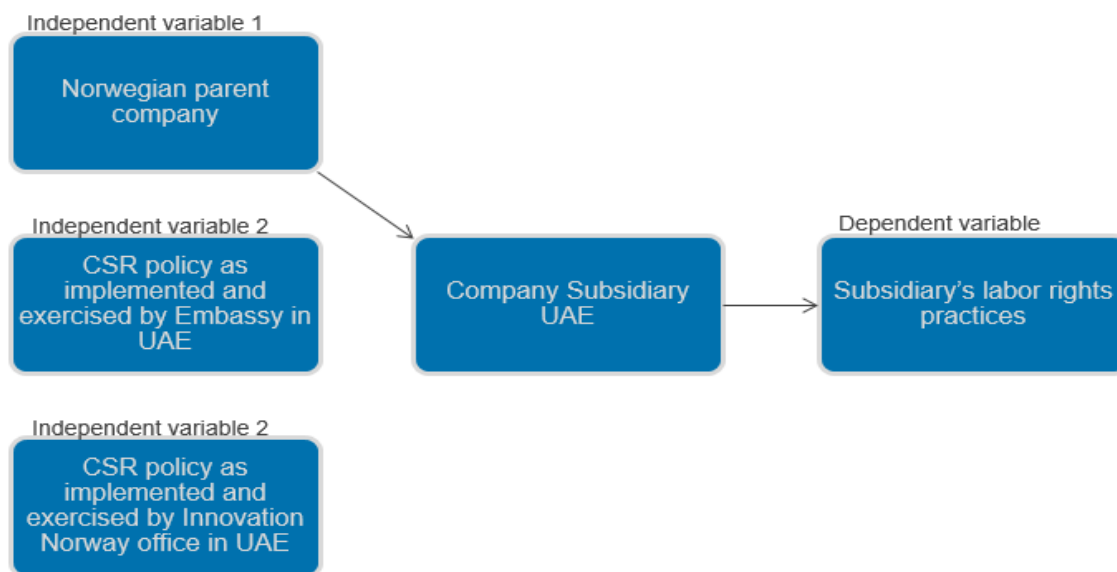


It is of course possible that the CSR efforts of the two public institutions affected other Norwegian companies that were not in my sample. Only one of my companies, for example, falls within the category of small and medium sized companies, which is the target group of Innovation Norway. It is hard to measure the effect of the efforts of these two public institutions. The Embassy said that they regarded the CSR seminar in Dubai as successful, but they do not know whether it lead to actual changes with regards to labour rights. The informant from the Ministry of Foreign Affairs stated that "it is hard to know" which effects the various activities of the Ministry have. On a general note, she had the impression that companies appreciated the presence of an Embassy and the expertise it encompassed (Interview, Ministry of Foreign Affairs). The informant from Innovation Norway in Oslo said that they have asked the companies whether the CSR clause in the sales offer made a difference. About 1/3 of them said that it did make a difference. She did not, however, have an overview of what their customers in the UAE answered to the question (Interview, Innovation Norway Oslo).

Only one company in my sample had ever been affected by the Embassy regarding something CSR related. The Managing Director at Company 5 participated at the Embassy´s CSR seminar. He stated that the event was inspiring, but he did not implement any new practices in the area of labour rights as a result of the event (Interview, Company 5). However, as the

Managing Director is from India, he said the seminar was helpful in order to understand the policies of the Norwegian Government and to understand the Norwegian notion of CSR. He did get ideas from the event, though not in the area of labour rights. He was particularly impressed with one of Company 2´s programs, which develops Emirati citizens professionally (Interview, Company 5). Company 2 has trained, developed and employed hundreds of talented citizens in the various Gulf countries (Interview, Company 2a). Company 5´s Managing Director is considering doing something similar in the future (Interview, Company 5). Røvik (2007:295) speaks about external development arenas, where employees at all levels of the organizations participate. Such arenas are one objection to the hierarchic chain of translation. Events, like the CSR seminar in Dubai, can function as arenas of translation or arenas where ideas are transferred between organizations (Røvik, 2007:296). Such transferrals of CSR ideas and practices are exactly what the Embassy wants to happen at their seminars. And it did happen regarding the idea of developing local citizens (though it is not put into practice in Company 5 yet). From this, it is perhaps possible to indicate that the Norwegian CSR policy, as implemented and exercised through the Norwegian Embassy in the UAE, has more influence within other CSR areas.

## 4.5 Why do the independent variables influence the companies differently?

This sections aims to answer my fourth sub-question: Why do the three steering actors influence the companies´ CSR practices in the area of labour rights differently? This is the third level of my thesis. I will draw on insights from Røvik´s KTT and Hill & Hupe´s framework of governance, and try to give an explanation as of why the subsidiaries´ CSR practices in the area of labour rights were highly influenced by their parent companies, and not at all influenced by the CSR strategies of the Norwegian Embassy and the Innovation Norway office in the UAE.

The most obvious answer is authority. The parent companies have a direct authority over their subsidiaries in the UAE. The widespread use of the replicating mode among the parent companies when transferring labour right practices to their subsidiaries in the UAE shows that they exercised their authority extensively in the area of labour rights. For example, the translations of practices within the HSE area were characterized by hierarchic control and replication. The parent companies monitored and checked that the subsidiaries practiced what they had decided. Also regarding the areas of labour conditions and the right to organize,

bargain collectively and strike, where the modifying mode was prevalent, many of the parent companies had given clear instructions to their subsidiaries to treat their workers well. One company, for example, explicitly asked their subsidiary in the UAE to exceed the local standards with regards to labour conditions. The manager stated that he would be in trouble if the CEO of the parent company heard that he treated some of the workers poorly (Interview, Company 1). As such, hierarchic control from the parent company is a key reason as to why internal steering by the parent companies in Norway (independent variable 1) was very effective.

The Embassy and Innovation Norway office, however, used governance to try to influence the subsidiaries in the UAE. Governance was in Chapter 2 defined as attempts to steer that are broader than the national state´s traditional forms of governing. As I have analysed in this Chapter, the type of governance used to steer the subsidiaries in the UAE towards a good CSR practice in the area of labour rights is *persuasion*. The Embassy and the Innovation Norway office have through various strategies, like facilitating, partnership and endorsement, tried to persuade the companies to adopt good practices. The Embassy and Innovation Norway were well aware of their dependence on the companies. The official from the Embassy said that what the companies actually did was beyond the Embassy´s reach. They could only try to inform and give the companies ideas of good practices (Interview, Embassy UAE). Only one company in my sample had participated on one of the Embassy´s initiatives. He was not persuaded of the need to change any practices in the area of labour rights. However, I cannot based on one company conclude that the efforts of the Embassy and Innovation Norway are ineffective. I have merely stated that my findings indicate that their persuasion efforts do not have much influence in the area of labour rights. Persuasion does not have the same authority as the parent companies´ hierarchic and direct control.

According to the White Paper on CSR (Ministry of Foreign Affairs, 2009:86), it has been argued that Norwegian companies CSR practices abroad should be legislated. Criminal sanctions in the case of breaches of the ILO Conventions, for example, have been suggested (Ministry of Foreign Affairs, 2009:87). The Government, however, believes that a strong international framework would be more expedient than various national schemes (Ministry of Foreign Affairs, 2009:93). The companies in my sample clearly did have CSR practices in the area of labour rights that were above local requirements. According to Hveem (2009:407 – 408), strong political measures are not necessary if the companies take ethical and moral

challenges seriously in their foreign direct investments. My findings show that the subsidiaries did respond to such challenges, even without persuasion from the Norwegian public instruments in the UAE.

In sum, the direct authority and the hierarchic control of the parent companies make their internal steering very effective in influencing the CSR practices in the area of labour rights of their subsidiaries´ in the UAE. Governance through persuasion, which is used by the Norwegian Embassy and the Innovation Norway office in the UAE, has not influenced my sample in the area of labour rights, perhaps because it lacks the authoritarian component embedded in the internal steering of the parent companies.

### 4.6 Conclusion

This Chapter first examined which of my three independent variables influenced the subsidiaries´ CSR practices in the area of labour rights in the UAE. My first independent variable can very well explain their practices. Both formal and informal internal steering was used in relation to all the examined areas of labour rights. In the area of Health, Safety & Environment, formal internal steering was widely applied, and procedures from the parent company in Norway were replicated in the UAE subsidiaries. In the area of labour conditions, both formal and informal internal steering were used. The Norwegian management did engage in the well-being of the employees, but most of the actual practices, like 2 people per room instead of the usual 4 people per room in a labour camp, were put in place because of local competence in the local management. Formal and informal influence was also used with regards to the right to organize, bargain collectively and strike. Standard company employee meetings were one way to hear the voice of the workers. The local managers also emphasized an open door policy. My two other independent variables, the Norwegian CSR policy as implemented and exercised through the Norwegian Embassy and the Innovation Norway office in the UAE, cannot explain any of the CSR practices of the companies. None of the local company managers said that they had discussed CSR issues in the area of labour rights with the Embassy or Innovation Norway. Only one company had attended the CSR seminar of the Embassy, but he did not intend to make any changes in the area of labour rights. He was, however, inspired in other CSR areas. This finding indicates that the Embassy can potentially influence Norwegian companies abroad with regards to other CSR areas. This Chapter also used theoretical insight to analyse why the three steering actors under

examination influenced the subsidiaries´ CSR practices in the area of labour rights differently. Internal steering by the parent companies was very influential because the parent company had authority and exercised hierarchic control. Governance through persuasion, however, which was used by the Norwegian Embassy and Innovation Norway in the UAE, was not effective because it lacks the authoritarian component embedded in the internal steering of the parent companies.

# CHAPTER 5

In this Chapter, I will first sum up my thesis by answering my research question and it´s sub-questions. I start by discussing and answering the three levels of my research question and by answering the sub-questions. I end the section by answering the main research question. I then outline problematic issues related to my analysis and the research methods I have used. I will assess the internal and external validity and the reliability of my findings. I end the Chapter by discussing the way ahead for CSR research and policy.

## 5.1 Answering the Research Question

Many researchers have studied the CSR performance of Norwegian companies from a Norwegian point of view. They have analysed how state-owned enterprises practice CSR (Luthen, 2009) discussed policy aspects of Norwegian CSR (Midttun et al, 2013; Gjølberg, 2010), or they have interviewed those who first implemented CSR in the companies (Ditlev-Simonsen, 2010). All of these research projects, as well as many others, have broadened our knowledge on how Norwegian companies have reacted to the international CSR trend. This thesis is an attempt to provide insight from a different angle. My starting point has been one particular foreign market, the United Arab Emirates, and I have tried to examine how the Norwegian companies there practice their CSR in light of local challenges like the lack of labour rights.

First level

The first level of my thesis was reflected in the first sub-question. I asked how Norwegian companies practice CSR in the area of labour rights in the UAE. I assessed this sub-question in Chapter 3, and used Røvik´s Theory of Knowledge Transfer as Traslation to analyse how the UAE subsidiaries practice CSR. All of the seven companies that I interviewed followed the local laws in the three labour rights areas examined. They also went above the local law and engaged in CSR practices according to my definition. In the area of Health, Safety and Environment (HSE), the subsidiaries in the UAE replicated the practices of their parent companies in Norway. Most of the parent companies had specific HSE standards that they implemented in their warehouses and workshops all over the world, including in the UAE. Some had implemented international HSE standards, which require external approval. The practices exceeded the local requirements in various areas. For example, the practices include

regular training and awareness raising, risk assessments and protective equipment according to international standards. Some of the companies also modified the parent companies´ HSE standards by adding practices that were particularly relevant to the UAE. One company added company transportation to and from work for the employees because public transportation was regarded too dangerous. Another one extended the health insurance to the home country of their employees, so that they were also covered during holidays. I can therefore conclude that the companies studied met the Government´s expectations regarding HSE.

In the second area examined, labour conditions, I found that the parent companies generally expected the subsidiaries to "treat their workers well". The UAE managers used the modifying mode and added practices that in their view met this requirement. All of the subsidiaries payed their employees above minimum wage, and all of them either provided decent housing in labour camps or gave the workers an allowance to find their own apartments. Many of the local managers said that they had a Norwegian business culture in the relationship with their employees. They said they were less tough compared to other companies and tried to find solutions before they fired someone. As such, the companies met the Government´s expectation to create decent working conditions and to bring good business practices from Norway to their foreign operations.

The modifying mode of translation was also used with regards to the third area I studied – the right to organize, bargain collectively and strike. The proper version of all of these rights were completely omitted by the subsidiaries, because they are illegal under UAE law. However, the subsidiaries did have some practices that allowed the workers to share their challenges, opinions and grievances. Some used employee meetings or engagement surveys to address the issues. One subsidiary had Occupational Health & Safety Committees with representatives for all the different worker segments, as well as camp bosses that the workers could address for issues. However, the most common practice was an "open-door policy", where the employees could address managers any time in case of issues. While some of these practices are replicated from the parent companies, I classify them within the modifying mode because their significance is much greater in the UAE. These are the only options the employees have to address their grievances. Within this area, I also found the biggest differences among the companies. While the two very large companies had very institutionalized practices, like the Committees mentioned above, the less large ones mostly practiced the "open-door policy". The less large companies in my sample had less employees in the UAE than the very large

ones, which may have affected the lack of institutionalization of their practices in this area. However, because the employees have no labour organization backing them up, as is their right under international labour law, the lack of institutionalization is worrying. As such, not all of the companies had created the institutionalized forums of participation that the Embassy in Abu Dhabi and the White Paper on CSR suggest (Norwegian Embassy in Abu Dhabi, 2014; Ministry of Foreign Affairs, 2009:36). Though all of them said that it was important for them to listen to their employees, there is potential for improvement on this issue.

Second level

On the second level of my thesis, I try to assess which of my three independent variables explain the CSR practices of the Norwegian subsidiaries in the UAE. The discussion gives an answer to my second and third sub-questions as well. I asked whether internal steering by the Norwegian parent companies lead to more responsible Norwegian subsidiaries in the area of labour rights in the UAE. I also asked whether the Norwegian CSR policy, as implemented and exercised by the Norwegian Embassy and Innovation Norway office in the UAE, lead to more responsible Norwegian subsidiaries in the area of labour rights. My first independent variable is internal steering by the parent companies in Norway. My second independent variable is the Norwegian CSR policy in the area of labour rights as implemented and exercised by the Norwegian Embassy in the UAE. My third independent variable is the Norwegian CSR policy in the area of labour rights as implemented and exercised by the Innovation Norway office in the UAE.

My first independent variable had a lot of influence on the subsidiaries´ CSR practices in the area of labour rights. The parent companies used both formal and informal steering to ensure that the subsidiaries performed well. In the area of Health, Safety & Environment, formal internal steering was widely applied, and procedures from the parent company in Norway was replicated in the UAE subsidiaries. In the area of labour conditions, both formal and informal internal steering was used. The management in Norway did care about the well-being of the employees, but most of the actual practices, like 2 people instead of the usual 4 people per room in the labour camps, were practiced because of local competence in the local management. Further, formal and informal steering was used with regards to the right to organize, bargain collectively and strike. Employee meetings is one standardized formal practice that allows the workers to speak their mind. The local managers also emphasized an open door policy. As such, the answer to the second sub-question is that internal steering by

the parent company does lead to more responsible Norwegian subsidiaries in the area of labour rights. This variable can to a large extent explain the CSR practices of the subsidiaries in my sample.

My second and third independent variable, on the other hand, cannot explain the CSR practices of the Norwegian subsidiaries in my sample. Unfortunately, only one of the companies in my sample had participated at one of the Embassy´s CSR events. The event did not have any effect on that company´s CSR practices in the area of labour rights. As such, the answer to the third sub-question is that with regards to my sample, the Norwegian CSR policy as implemented and exercised by the Norwegian Embassy and the Innovation Norway office in the UAE does not lead to more responsible Norwegian companies in the area of labour rights. However, as I discuss below, my sample is not representative and I can therefore not conclude that the two public institutions do not lead to more responsible Norwegian companies in the area of labour rights in general. My findings only indicate that the way they exercise the Norwegian CSR policy in the area of labour rights is not effective.

However, it should be mentioned that the Managing Director that attended the Embassy´s CSR seminar was inspired in another CSR area. He did consider doing something similar in the future. As such, it is possible that the strategies used by the Embassy are more effective in other CSR areas. It is not surprising that the Embassy´s CSR efforts had a larger effect on the companies than the efforts of the Innovation Norway office. According to the experimental implementation theory, local bureaucrats influence the policy outcome greatly. The theory predicts that the intensity of the bureaucrats´ participation and the demand on their time affects how the policy is implemented. The previous Ambassador at the Embassy was one of the writers of the White Paper on CSR, and CSR was a prioritized area at the Embassy. The CSR event was a result of this prioritization. The Innovation Norway office, on the other hand, is not a traditional office, but consultants on a specific contract. The Innovation Norway representative preferred not to talk about CSR issues with the companies. He is also a full time professor, and has a lot of demand on his time. Had Innovation Norway opened a proper office in the UAE that prioritized CSR, it is possible that some of the companies in my sample would have been influenced by their efforts.

Third level

With regards to the third level of my thesis, I ask in my fourth sub-question why the three steering actors influence the subsidiaries´ CSR practices in the area of labour rights differently. My answer is that internal steering by the parent companies´ has great influence because of the authority and hierarchic control that they possess over the subsidiaries in the UAE. It is interesting to notice that in the three areas of labour rights that I examined, I only found examples of the replicating and the modifying mode of translation. In both of these modes, the subsidiaries are given limited degrees of freedom to shape the practices locally. In the area of Health, Safety and Environment, where the replicating mode was used, the local companies have almost no degrees of freedom. Detailed procedures or practices were often handed over to the subsidiaries for implementation. In the modifying mode, the local subsidiaries are given some freedom to form the practices according to the local circumstances. However, they must stay true to the original idea of the parent companies. I did not find that the radical mode was used in any of the areas examined, which would have given the UAE subsidiaries a large degree of freedom to shape the practices as they wish. My findings therefore indicate that the parent companies have tight control over their subsidiaries, also in the area of local labour rights.

The Norwegian Embassy and the Innovation Norway office, on the other hand, steer through soft governance. The public institutions try to communicate the expectation that the Norwegian Government has regarding CSR to the Norwegian companies. As such, they try to persuade the subsidiaries in the UAE to adopt good CSR practices. The Embassy has used co-production to achieve results. They invited certain Norwegian companies to share their best CSR practices at the Embassy´s CSR event, hoping that other Norwegian companies will be inspired and engage in similar practices. As mentioned, one subsidiary in my sample was influenced in an area not related to labour rights. The soft governance of persuasion does not have the authority or the hierarchic control that the internal steering of the parent companies has. The Embassy and Innovation Norway office are completely dependent on the will of the companies to engage in CSR practices in the UAE. Most of the companies did not even have time to come to the Embassy´s events. The lack of more formal authority, like regulations or the ability to sanction, can explain why the two public institutions did not influence the CSR practices of the subsidiaries in the area of labour rights. However, the fact that the UAE subsidiaries in my sample have CSR practices in the area of labour rights in place, which generally meet the expectations of the Norwegian CSR policy, indicates that such measures are not necessary. This is perhaps not surprising. The official at the Embassy emphasized that

CSR originated in and is driven by the business community. The Government only published it´s CSR strategy and expectations many years later.

The Research Question

With these three levels in mind, I proceed to answer my research question: To what extent do Norwegian companies, through their CSR practices, export "the Norwegian welfare state" to the UAE in the area of labour rights? In the Norwegian welfare state tradition, the Government has been the main responsible actor for ensuring labour rights like adequate Health, Safety and Environment (HSE) standards, decent labour conditions and the right to organize, bargain collectively and strike. Do the companies take on the responsibility and continue these practices in their foreign operations? Based on my findings, I conclude that Norwegian companies to a large extent export the "Norwegian welfare state" to the UAE in the three areas of labour rights that I have examined. The Norwegian parent companies were particularly stringent regarding HSE, where the companies more or less implemented Norwegian standards in their operations in the UAE. HSE regulations in the UAE are broad, open for interpretation, and inconsistently implemented. Work related accidents are common. A high HSE standard among Norwegian companies is important for a decent and safe work life in the UAE. The companies did also to a large extent ensure decent labour conditions. All of them payed above minimum wage and ensured that the workers had decent accommodation. The managers in the UAE also added other practices that they believed increased the welfare of their workers, like extra money for vacation, a healthy lunch, a shorter work week than required and sharing the profit with the employees. Moreover, several companies said they brought a Norwegian work culture to the UAE, which makes them less tough, and prone to seek solutions when their employees have issues.

My findings also show noticeable variations between the subsidiaries on some issues. Only the very large companies had institutionalized participatory arenas as alternatives to the right to organize, bargain collectively and strike. It is understandable that the companies cannot breach local law and implement such labour rights properly. All of the companies stated that they are concerned with hearing the opinions of their employees, but many of them did not have institutionalized forums of participation. They had instead informed their employees about their "open door" policy. It is worth noticing that the very large companies had a much larger work force in the UAE, which may explain their institutionalization of the practices. The other subsidiaries employed maximum 30 people in the UAE, making the relationship

between the manager and employees tighter. Still, there seems to be potential for improvement with regards to institutionalizing the alternatives to organize, bargain collectively and strike. In sum, however, I conclude that the Norwegian companies to a large extent export the Norwegian welfare state in the area of labour rights to their operations in the United Arab Emirates.

Interestingly, many of the companies did not view their labour rights practices as CSR. When I first asked them about CSR, many started to talk about their charity initiatives. Instead, they viewed the labour rights practices analysed in this thesis as the natural thing to do. They also highlighted that workers who are treated well are more productive. The Innovation Norway representative in the UAE stated that good labour rights practices give the Norwegian companies a competitive advantage (Interview, Innovation Norway UAE). Only the two very large companies, Company 2 and Company 4 used the international CSR jargon and referred to CSR initiatives like the UN Global Compact and the Global Reporting Initiative. Only one of them had conducted a human rights due diligence.

In general, I found that the theories I used to examine my variables were useful. The Theory of Knowledge Transfer as Translation proved to be an excellent tool to examine the CSR practices of the subsidiaries, as well as the degree of freedom they had from their parent companies to shape the practices locally. Hveem´s strategies of internal steering and Hill & Hupe´s framework of governance were also helpful theories that enabled me to shed light on the independent variables. However, because I did not see any effect of the Government´s CSR policy, I do not, in hindsight, believe applying Matland´s theory of experimental implementation was very fruitful. If I did find an effect of the policy, the theory could perhaps have have explained some differences in outcome between the Embassy and Innovation Norway. However, in the absence of such an effect, there is no difference to explain.

## 5.2 Validity and Reliability
In this section, I will discuss problematic issues related to my analysis and the research methods that I have chosen. I will first assess the internal validity of my thesis. I will then proceed to analyse the external validity, before I discuss the reliability of my findings.

Internal validity

According to Cook & Campbell, a research project has internal validity when, the way the variables are operationalized, a correlation may be interpreted casually as the independent variable affecting the dependent variable (Lund, 2002:106). Internal validity is generally high in case studies. The throughout assessment of the effect of the independent variable on the dependent one, which takes place in a case study, increases the internal validity. Various methods applied within the case study may increase the internal validity further. One such method is the mixed method approach (Tansey, 2007:766). It is a tool to produce a more comprehensive impression of the phenomenon under examination (Kelle, 2001:5 sjekk). Though my data is based mainly on interviews, I have also studied some documents, mostly Governmental White Papers and the annual CSR reports of some companies. I did this to increase the verification of the information I got from my informants and add aspects that did not come up in the conversation.

The way the semi-structured interviews are conducted may also threaten or strengthen internal validity. In this thesis, the data is based on key informants, persons with a good overview of and insight into the research question (Andersen, 2006:279). According to Rubin & Rubin (1995), informants should represent different perspectives. Moreover, several interview objects allows the researcher to cross check facts or illuminate different areas of a phenomenon (Berry, 2002:680). In my thesis I included informants from various angles of the policy implementation process, in order to verify information and get different perspectives. The company managers interviewed represented businesses from different sectors and with different sizes, to strengthen my internal validity. Semi-structured interviews focus on specific aspects of a topic, but allow the informant to include other elements he or she believes are important to the discussion (Bryman, 2004:187-189). The open-ended questions means that the informants can generate detailed answers, particularly when they are highly educated (Aberbach & Rockman, 2002:674). These features strengthen the internal validity of my conclusion, because I have been able to include unexpected elements that my informants highlighted. I have tried to take into consideration several challenges to the internal validity. I have avoided impact questions, which directly ask about the organization´s effect on a phenomenon. Answers to such questions may easily be exaggerated (Berry, 2002:668). I have also tried to replace yes/no questions with how/why questions, which are less direct (Leech, 2002:668) and more open to nuanced answers.

A threat to the internal validity in my thesis is, however, a selection bias. This occurs when one opinion of the research question is overrepresented by the informants (Tansey, 2007:768; Goldstein, 2002:669). According to King, Keohane & Verba, (1994:129-130), a selection bias could make the researcher estimate effects and causal relationships incorrectly. All of my informants have an interest in portraying the effect of Norwegian subsidiaries´ CSR efforts in positive terms, even in amplifying it. The company managers may have wanted to exaggerate their CSR efforts for PR purposes, and the governmental representatives likewise may have overemphasized their efforts to promote CSR. On this basis, some informants may have embellished the truth (King, Keohane & Verba, 1994:282). I have, however, tried to counter some of this selection bias by taking an active and conscious researcher role and control the interview analytically (Andersen, 2006:297). Researchers should be well prepared, use theoretical assumptions to interpret the conversation, and test the informants´ assessments, descriptions and observations throughout the interview (Andersen, 2006:279-285). I tried to incorporate all of these elements into my interview situations. Moreover, I prepared questions or key words for probing, which I used when the informants tried to avoid questions or gave unclear answers (Berry, 2002:679). In Company 2, I interviewed 3 different managers. This strengthens my internal validity, because various aspects of the subsidiary´s CSR practices were highlighted. However, none of the actual workers were interviewed, which threatens the internal validity.

External validity

External validity deals with none-statistical generalizations. It is concerned with whether the causal connection may be generalized to other relevant situations, times or individuals (Lund, 2002:106-107). Two levels of external validity are relevant for my thesis. First, can I extend my findings to all Norwegian companies in the UAE? External validity on this level is related to the number of companies interviewed (N) and the selection procedure used to select companies. My N is 7, which I believe is not very bad for a qualitative master thesis. As such, I regard my N to strengthen external validity. However, if a generalization is made to a population beyond the interviewed informants, a systematic selection must take place (Aberbach & Rockman, 2002:673). Random selection means that all units in a population have an equal possibility of being selected as informants. The population in question is comprised of all Norwegian companies in the UAE. Ideally, I would have used random selection among all Norwegian companies when choosing informants, which would have increased the external validity of my conclusions. Unfortunately, I do not have the complete

overview of all Norwegian businesses in the UAE. I managed to locate around 30 companies, all of which were asked for an interview. Interviews have only been performed with those that responded to the request. This selection bias causes problems with the external validity. For example, it is likely that only companies with decent CSR practices agreed to be interviewed about the topic. Hence, it is possible that some of the declining businesses had poor labour rights standards. I considered interviewing some of the local CSR NGOs to counter the selection bias. However, because CSR is usually understood as charity in the UAE, and because NGOs are linked to the government and would not be able to speak freely, I did not believe it would be helpful. In order to truly evaluate the performance of the Norwegian Embassy and Innovation Norway in Abu Dhabi, I could have listed all companies that have participated at their events or received assistance with CSR, and selected companies randomly from the list. However, none of them had such an overview when I asked. Unfortunately, therefore, only one of the companies that agreed to be interviewed had been involved in one of their activities. My conclusion that their CSR efforts are little effective, can therefore only serve as an indication.

The other level of external validity is the possibility of generalizing the case study as a whole to other countries. Do my findings mean that Norwegian subsidiaries in other foreign countries export Norwegian labour standards as well? External validity is generally weak in case studies. Lijphart (1971:691) believes that generalizations cannot be based on case studies at all, and writes that "a single case can constitute neither the basis for a valid generalization nor the ground for disproving an established generalization". However, according to Gerring (2007:20), a case study is "the intensive study of a single case where the purpose of that study is, at least in part, to shed light on a larger class of cases." As such, it is often the aim of researchers to be able to extend their findings to a larger population at least to a limited degree.

It is, however, possible to increase the external validity of a case study. Choosing the case strategically is one way to do it. A typical case is as representative as possible for the population (Gerring, 2007:91), and representativeness of the universe that a case seeks to portray increases it´s external validity (Lund, 2002:122). In this thesis, a foreign market for Norwegian business, the United Arab Emirates, is the case. The UAE could, for example, be representative of a universe of foreign markets that do not respect all international labour standards and that do not enforce labour laws consistently. As such, the case of the UAE may

give some room for contingent generalization, which means generalizing to a population of other cases with defined empirical preconditions (George & Bennett, 2005:135-136). Conclusions from this thesis may therefore be relevant to, for example, the other Gulf countries.

Reliability
Reliability is concerned with verifiability and confirmability of the data. It has to do with whether random errors have occurred when collecting or interpreting the data. Are, for example, the statements in the interviews correctly understood (Andersen, 2006:291)? Ideally, other researchers should be able to make the same finding if they conducted the research again. A recorder would therefore increase reliability. However, I noticed that many were uncomfortable and changed the way they spoke when I put on the recorder. Some asked me not to use it. Soon I started to write the answers by hand instead, because I was afraid that the recorder made informants hold back information. I typed up the answers right after the interview to not loose information.  However, the lack of recordings weakens the reliability, and nuances may have been lost. Another threat to the reliability is the fact that some companies requested anonymity. Because I preferred a free conversation where we could discuss sensitive aspects of CSR, as opposed to formal language and restrained answers, I agreed to anonymize them. In a sense, I had to balance between internal validity, making sure that I measure what I really want, and reliability. To strengthen reliability, I have attached interview guides and a list of the informants in Appendix A and B.

In sum, I would say that my findings have a rather strong internal validity. Not only are case studies characterized by a strong internal validity to begin with, but using the mixed methods and open-ended semi-structural interviews have further strengthened the internal validity. I have also been aware of, and tried to counter, threats to the internal validity like selection bias and certain types of questions. The external validity, or the ability to generalize my findings to all Norwegian companies in the UAE, is present but problematic. I believe that my N of 7 companies gives me some ability to generalize. However, a possible selection bias decreases the external validity on this issue. Though a case study is a poor starting point for generalizing to other cases, I believe I can make a contingent generalization of my findings to other countries that do not respect all international labour standards and that does not enforce labour laws properly. The reliability of my analysis is weakened by the fact that I did not use a

recorder. However, I tried to counter this my going through all the answers in detail right after the interview.

## 5.3 The way forward

My findings have several implications, both regarding policy implementation and further research. The official from the Ministry of Foreign Affairs stated that they have started a process where they focus more on the Embassies and Foreign Missions in their efforts to spread CSR knowledge and practices among Norwegian companies. My findings, however, may suggest the opposite. According to my results, the Ministry should instead focus their efforts on targeting the parent companies in Norway with information about the Government´s expectations and with examples of best practices from foreign markets. Interestingly, some of my subsidiary managers had never been in touch with the Norwegian Embassy or Innovation Norway. Most of the others had only been connected to the Embassy with regards to other issues. An increased focus on the parent companies in Norway increases the chance that all are informed about the Government´s expectations. As we have seen in this thesis, the parent companies can effectively implement practices that meet the Government´s expectations in their foreign subsidiaries – if they are convinced that it is important. However, because my sample is not randomly selected, my findings only indicate the importance of the parent companies. More research should be conducted, preferably with a representative sample, on Norwegian companies of various sizes in the UAE. My findings further indicate that the Embassy´s CSR efforts are more effective in other areas. The only company in my sample that attended the CSR even was indeed inspired by one practice, and contemplated doing something similar in the future. If this company is representative of all the companies that attended, the Embassy´s efforts and strategies may be very effective in areas other than labour rights. It would be useful with more research on companies that have been in touch with the Embassy regarding CSR issues. This is what I wanted to do originally, but I did not find such companies that were willing to be interviewed.

More research is also needed on companies that are have been facilitated by Innovation Norway.  It is possible that none of the companies in my sample have been affected by the CSR efforts of the Innovation Norway office in the UAE because the representative there does not prioritize CSR. However, it should be emphasized that this office is not representative for Innovation Norway offices, as the employees are on external contracts and

have additional jobs. In addition, Innovation Norway´s main target is small and medium sized enterprises. Only one such company was in my sample. Therefore, further research on how Innovation Norway offices abroad implement and exercise the CSR policy of the Government should be conducted on proper offices in other countries. It should be mentioned that the Embassy does not only arrange CSR seminars to promote best practices to Norwegian companies in the UAE. These seminars are also a platform to give the local government examples of good corporate behaviour among Norwegian companies (Interview, Embassy). That is one of the reasons why local authorities were invited. More research should be done on the political side of the CSR policy and how effective it is.

Only two of the companies in my sample referred to international CSR initiatives. They were also the biggest companies. As such, the Government has a lot of work ahead in spreading knowledge and awareness of international instruments like the OECD guidelines or human rights due diligence, particularly among smaller companies that typically do not have a separate CSR section. However, despite the lack of international CSR jargon, it is encouraging to find that at least in the three areas of labour rights examined, Norwegian subsidiaries in the UAE perform well above the locally required standard.

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## APPENDIX A

**List of Interview Subjects**

**Company 1:** Øglænd System. Interview with Managing Director, Øglaend Industries Middle East LLC. Dubai: 25.08.2014.

**Company 2a:** Jotun. Interview with the Regional Vice President of India, Middle East and Africa. Dubai: 23.08.2015.

**Company 2b:** Jotun. Interview with the Regional Manager for Health, Safety and Environment of India, Middle East and Africa. Dubai, 23.08.2015.

**Company 2c:** Jotun. Interview with the General Manager of UAE. Dubai, 23.08.2015.

**Company 3**: Anonymous. Interview with the Regional Manager of the Middle East. Dubai, 20.08.2015.

**Company 4:** Anonymous. Interview with the General Manager in the UAE. Dubai, 21.07.2015.

**Company 5:** Harding Safety. Interview with the Regional Director of the Middle East and with the Managing Director of the UAE (together). Dubai, 20.09.2015.

**Company 6:** Anonymous. Interview with the owner and manager. Dubai, 21.08.2015.

**Company 7:** MTI Middle East. Interview with the CEO. Dubai, 21.09.2015.

**Embassy UAE:** Interview with Deputy Head of Mission, Royal Norwegian Embassy in Abu Dhabi, United Arab Emirates. Abu Dhabi, 16.07.2015.

**Ministry of Foreign Affairs:** Interview with Advisor, Section for Business Promotion and Development, Norwegian Ministry of Foreign Affairs. Oslo, 28.08.2015.

**Innovation Norway UAE**: Interview with the Representative for Innovation Norway in the United Arab Emirates. Abu Dhabi, 14.09.2015.

**Innovation Norway Oslo**: Interview with Special Advisor for Corporate Social Responsibility, Innovation Norway. Oslo, 23.09.2015.

# APPENDIX B

**Interview Guides**

**Interview Guide for the Public Institutions**
The institutions that got each question are listed in parenthesis.


**Name:**
**Position:**


**How do you exercise the CSR policy of the Government?** (To all institutions)


**How prioritized are the CSR efforts compared to other things?** (To all institutions)


**How do you communicate the expectations of the Government?** (To all institutions)


**What is the role of the Embassies/international Innovation Norway offices in exercising the CSR policy?** (To all institutions)


**What are your instructions from the Ministry of Trade, Industry and Fisheries in the area of CSR?** (To Innovation Norway Oslo)


**Which exact instructions do the Embassies/international Innovation Norway offices get? How specific are they?** (To all institutions)


**What is the effect of the CSR efforts of your institution? Have you measured it?** (To all institutions)


**How do you facilitate new Norwegian companies in the UAE, and do you promote CSR to them?** (To Embassy UAE and Innovation Norway UAE)

**Interview Guide for the companies**

**Name:**

**Position:**

**General company information:**

Which types of activities do they have in the UAE?

How many employees do they have globally and in the UAE?

Where are the employees in the UAE from?

What type of work do they do?

**In your view, what is CSR?**

**Do you have a code of conduct/ethical guidelines?**

**How are your policies and practices within: Health, Safety and Environment? Wages? Housing for employees?**

**What kind of alternatives do you have instead of labour unions, collective bargaining and strikes?**

**Which other practices related to labour rights do you have?**

**What kind of instructions does your parent company in Norway give you regarding the practices mentioned above?**

**Are you aware of any CSR activities of the Norwegian Embassy of Innovation Norway office in the UAE?** Have ever spoken to these public institutions about CSR or attended one of their CSR events? If yes, what did you get out of it?

**Do you feel that the Norwegian Government has certain expectations to your company regarding labour rights standards?**

**What is the motivation for your CSR practices?**