

Social Responsibility of Business or the Business of Social Responsibility?

The case of the Politico Economic Entrepreneur in Mubarak's Egypt

By

Ninette S. Fahmy*

Abstract

The concept of Social responsibility of business which, is deeply ingrained in political philosophy, has surfaced in the management literature since World War II, and has been escalating ever since. Scholarly work on the concept have ranged from a rejectionist approach based on economic considerations to a complete embodiment of social responsibility as a behaviour that should be assumed by businessmen as part of their business ethics. Since the concept has originally evolved in Western societies, it was taken for granted that the concept can be applied universally. Little attention, however, has been granted to the type of political and economic systems in non-western societies, where, businessmen function. Whilst reviewing the various literatures on Social responsibility, this paper argues that *the concept of social responsibility is only applicable in liberal democratic societies characterised by freedom of choice, deliberative democratic public will formation, free competitive market, and societal control on business behaviour through sound check and balances measures. On the other hand, in non-democratic countries, such as Mubarak's Egypt, that are characterised by lack of pluralism and freedom of choice, by the presence of authoritarian decision-making, by the absence of free markets and the existence of monopolies that distort the political and economic markets, and lack of societal control on the behaviour of businessmen due to the repression of various societal groups, the validity of the concept becomes questionable. The monopolies that exist in the market are exemplified by the presence of the so called politico-economic entrepreneurs who monopolise political and economic power. These group of politico-economic entrepreneur have extended their influence to civil society where they depicted their philanthropic endeavour as part of assuming their social responsibility and as a sort of "giving back to society". Some of their philanthropy has been manifested in the establishment of community development NGO's through their philanthropic donations which is complemented by foreign aid. By examining two of those philanthropic NGO's that has been created and run by the politico-economic entrepreneurs, this*

* Ninette S. Fahmy is Associate professor of Political Science at Sadat Academy for Management Sciences and at the American University in Cairo

paper rejects the claimed notion of social responsibility and argues instead that these philanthropic projects mainly those two NGO's are created for business purposes the prime reason of which is buying electorate votes for those entrepreneurs during elections and for enriching their pockets from aid money. Instead of giving back to society through acting as agents of political change or enhancing community development those politico-economic entrepreneurs have exploited society through undemocratic internal practices, abuse of foreign aid, and the sacrifice of developmental objectives for political and economic gains. A contributory factor has been the minimal level of inspection by the state, donor organisations, and the various repressed societal groups. Hence under the guise of social responsibility, Egyptian politico-economic entrepreneurs create a business out of their social responsibility pretentions.

Introduction

I- Social Responsibility: Development of the Concept

The debates over the concept of social responsibility have started as early as the eighteenth century when Adam Smith in his classical masterpiece *An Inquiry into the nature and causes of the wealth of nations* argued ostensibly that economic self-interest is the unwavering means to achieve social welfare improvement and hence is more advocated than directly intervening to act for the public interest.¹ Despite the fact that the modern terminology of the concept has evolved after World War II, the concept remained, for quite some time, rather ambiguous and dubious. Mitchell, for example, asserts that the concept was used during the 20's as an ideological justification to legitimise the power of large corporations.² However, in the absence of a precise definition for the concept, Bowen had attempted, in the late forties and early fifties, to provide a description of what the concept of social responsibility includes when he mentioned that it refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirably in terms of the objectives and values of our society".³

Bowen took a broader approach to business responsibility and included responsiveness, stewardship, social audit, corporate citizenship and

¹ Smith, Adam, *An inquiry into the nature and causes of the wealth of nations*. Modern Library. New York. 1776 (edited by E. Cannan 1937) Book four Chapter two.

² Oberman W.D.. "Review of Mitchell " *Business& Society*. Vol., 39. 2000. p.239.

³ Quoted in Windsor, D. " The Future of Corporate Social Responsibility". *The International Journal of Organizational Analysis*. Vol. 9. No. 3. 2001. p.227.

rudimentary stakeholder theory.¹ However, lack of consensus on a specific definition for the concept has raised several controversies among different scholars as to what exactly the term social responsibility may entail. Despite the acceptance of some level of social responsibility for business among scholars, disagreement among them surfaced concerning the objectives of business as well as regarding who has rightful claim on it.² Accordingly, two approaches within the mainstream of scholarly work on social responsibility can be identified. The first is a narrow approach or what is labelled as the classical free market, and the second is broader in perspective and is termed the socio-economic, approach.³ The first approach is exemplified by the views of scholars like Levitt who stressed the dangers of social responsibility when he succinctly stated. Are top executives being taken in by pretty words and soft ideas? Are they letting the country in for a nightmare return to feudalism by forgetting they must be businessmen first, last, and almost always?⁴

According to Levitt profit maximisation remains the only objective of business. The dangers of social responsibility lie in allowing business or a single corporation to infiltrate the social arena through welfare services and hence in allowing society to be aggressively shaped by a single functional group or a single ideology even if it has the purest of intentions and good will at its heart.⁵ Levitt thus fears the creation of a monolithic society which defies the very foundation on which business can flourish viz: the presence of economic and political pluralism. Levitt thus concludes In the end business has only two responsibilities-to obey the elementary canons of everyday face-to-face civility (honesty, good faith, and so on) and to seek material gain. The fact that it is the butt of demagogical critics is no reason for management to lose its nerve-to buckle under to reformers-lest more severe restrictions emerge to throttle business completely.⁶

Friedman is another proponent of the narrow or minimalist approach to business responsibility. According to Friedman profit maximization which is the main purpose of business is restricted by the "rules of the game" which is imposed on business by society. The " rules of

¹ Ibid., p230.

² Fisher, J. "Social Responsibility and Ethics: Clarifying the Concepts". *Journal of Business Ethics* . Vol.52, No4, July 2004, p.395.

³ Ibid., p.395.

⁴ Levitt, T. "The dangers of Social Responsibility". *Harvard Business Review*. Vol.,36, Issue 5, Sep-October 1958, p 41..

⁵ Ibid., pp.44, 45.

⁶ Ibid., p.49.

the game" entail compliance with the law, to engage in open and free competition without deception or fraud, and to comply to other societal norms. These rules, in turn, identify the social responsibility of business.¹

Proponents of the broader socio-economic approach to social responsibility attribute certain obligations to business that go beyond mere economic gains. A leading scholar of this approach and one of the early pioneers in this area is Keith Davis. In an influential article that was published in the early sixties Davies states Thus, social responsibility has two rather different faces. On the one hand, businessmen recognize that since they are managing an economic unit in society, they have a broad obligation to the community with regard to economic developments affecting the public welfare (such as full employment, inflation, and maintenance of competition). A quite different type of social responsibility is, on the other hand, a businessman's obligation as to nurture and develop human values (such as morale, cooperation, motivation, and self realization in work). These human values cannot be measured on an economic value scale. Accordingly, the term "social responsibility" refers to both socio-economic and socio-human obligations to others.²

According to Davis there is a correlation between social responsibility and business power.³ Based on this correlation Davis established his "Iron Law of Responsibility" where he argued that "social responsibility of businessmen need to commensurate with their social power." He thus asserted that any avoidance of the social responsibility by business would lead to the latter's erosion of power and hence "less responsibility leads to less power".⁴

Another early proponent of the broader socio-economic approach to social responsibility is Frederick who discussed social responsibility in terms of enabling society's economic and human resources to fulfil broad social rather than narrow private ends.⁵ He thus commented

When we invoke the phrase ' social responsibilities of the businessman', we mean that businessmen should oversee the operation of an

¹ Friedman, M. "The Social Responsibility of Business is to Increase its Profits" in Desjardins, J.R. & McCall, J.J.(eds) *Contemporary Issues in Business Ethics*. Wadsworth, Belmont, CA, 2000 ,pp8-12.

² Davis, K. "Can Business afford to ignore social responsibilities?". *California Management Review*, Vol2, Issue 3, March 1960, pp.70, 71

³ *Ibid.*, p.71.

⁴ *Ibid.*, pp.73, 74

⁵ Frederick, W. "The Growing Concern over Business Responsibility". *California Management Review*, p.60

economic system that fulfills the expectations of the public. And this means in turn that the economy's means of production should be employed in such a way that production and distribution should enhance total socio-economic welfare.¹

Clarence Walton added voluntarism as an important component of social responsibility.² Building on Walton's voluntarism Wallich expanded the debate further when he equated social responsibility of business with the freedom to act as a free agent. He thus commented

I take responsibility to mean a condition in which the corporation is at least in some measure a free agent. To the extent that any of the foregoing social objectives are imposed on the corporation by law, the corporation exercises no responsibility when it implements them.³

The same idea of voluntarism and free agent was implicitly expressed by Davis when he mentioned that "social responsibility begins where the law ends"⁴ and that it is "the firm's acceptance of a social obligation beyond the requirement of the law".⁵ Davis earlier declared that

The substance of social responsibility arises from concern for the ethical consequence of one's acts as they might affect the interests of others.⁶

Davis's declaration has thus brought in the concept of business ethics to social responsibility. Analyzing the behavior of business, Sethi used the concept of legitimacy as a criterion for evaluating corporate social performance. He thus commented

The quest for legitimacy by the corporation and doubts by its critics about the legitimacy of some of its actions are the crucial issues in the concept of corporate social responsibility.⁷

Sethi identifies three patterns of business behavior with each pattern having its own source of legitimacy. The first pattern is social obligation where the main source of legitimacy here is derived from economic and legal

¹ Ibid., p.60.

² Carroll, B. "Corporate Social Responsibility: Evolution of a Definitional Construct", *Business & Society*, Vol.38 No. 3, September 1999, p. 271.

³ Quoted in Ibid., p.276.

⁴ Davis, K., "The case for and against business assumption of social responsibilities", *Academy of Management Journal*, Vol. 16, No 2, 1973, p.313.

⁵ Ibid., p.313.

⁶ Davis, K. "Understanding the social responsibility puzzle: What does the businessman owe to society?" *Business Horizons*, Vol. 10, Winter 1967, p. 46.

⁷ Sethi, S P. "Dimensions of Corporate Social Performance: An Analytical Framework", *California Management Review*, Vol.17, No 3, Spring 1975, p.60.

considerations only.¹ The ability of the corporation to meet its economic objectives and to abide to the existing laws and regulations falls within this description.² However, Sethi argues that this pattern by itself does not bestow legitimacy on the corporation nor does it guarantee the continuation of the business enterprise.³ He thus mentions

The traditional economic and legal criteria are necessary but not sufficient conditions of corporate legitimacy. The corporation that flouts them will not survive. However, the mere satisfaction of these criteria does not insure the continued existence of a corporation.⁴

The second pattern of business behavior is what Sethi identifies as social responsibility which goes beyond mere social obligation. Legitimacy of the corporation is derived here from its ability to comply with societal norms and values and its ability to adapt to changes that may occur in these values. By being flexible to changing norms and values, the corporation can anticipate in advance these changes and adapt to new expectations before it is legally forced to do so. Accordingly, it achieves greater compatibility with social norms and therefore legitimacy at a lower social and institutional cost.⁵

The third pattern of business behavior goes still one step further than social responsibility and is referred to by Sethi as social responsiveness. In this pattern legitimacy of the corporation is derived not only from its ability to prevent the adverse effect that might ensue from its business activities, but also from anticipating other problems that the society might face in the future even if these are not linked to its business activities and to establish long-run plans to combat them.⁶ Whereas Sethi described the concept of social obligation as proscriptive in nature, he described that of social responsibility as prescriptive in nature.⁷ Finally, Sethi described the concept of social responsiveness as anticipatory and preventive in nature.⁸

So far attempts to conceptualize social responsibility of business have been based on a tripartite categorization of social responsibility. It was Carroll's work in the late seventies that transferred the concept of social

¹ Ibid., p.60

² Ibid., pp.60, 61.

³ Ibid., p.p. 60-62

⁴ Ibid... p. 62

⁵ Ibid.. p.62.

⁶ Ibid./p/p/62, 63.

⁷ Ibid.. p.62.

⁸ Ibid.. p.64.

responsibility from a tripartite to a quadripartite categorization. Carroll developed a four classes model in which he attempts to categorize business behavior or responsibilities. In the first category lie economic responsibilities which are the main foundations of any business enterprise. This category actually adheres with the classical market approach that views the fundamental objective of business as profit maximization. The second category encompasses the legal responsibilities which include the rules and regulations codified as laws under which business is expected to operate. The third category includes the ethical responsibilities which are not codified by laws but which society nevertheless expects of business. The fourth and last category includes the discretionary responsibilities.¹ Carroll describes responsibilities in this category as

Those roles are purely voluntary, and the decision to assume them is guided only by a business's desire to engage in social roles not mandated, not required by law, and not even generally expected of business in an ethical sense. Examples of voluntary activities might be making philanthropic contributions, conducting in-house programs for drug abusers, training the hardcore unemployed, or providing day-care centers for working mothers. The essence of these activities is that if a business does not participate in them it is not considered unethical per se.²

Based on his earlier theorization of the four classes of business behavior Carroll published an influential article in the 90's, where he acknowledged that total corporate social responsibility is made up of four components: the economical, the legal, the ethical, and the philanthropic.³ The sum of these four components make up the whole. These four components are arranged in a pyramidal order. While the economic responsibilities lie at the base of the pyramid or what represent the foundations of social responsibility, the philanthropic responsibilities lie at the apex of the pyramid.⁴ Placing economic responsibilities at the base of the pyramidal structure clearly shows that all higher levels of responsibilities cannot be accomplished without sound economic performance. As Carroll exemplified a bankrupted business corporation will cease to operate. Hence, economic and legal responsibilities are mandatory, ethical responsibilities

¹Carroll, A.B. "A Three- Dimensional Conceptual Model of Corporate Performance", *The Academy of Management Review*, Vol 4, No 4, October, 1997, p. 500.

² Ibid, p.500

³ Carroll, A.B, "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders", *Business Horizons*, July-August, 1991, pp 40-42.

⁴ Ibid p. 42

are socially expected and philanthropic responsibilities are highly desired.¹

To sum up, in this section an overview of the development of the concept of social responsibility has been expounded. The following section explores the pre-requisite conditions that are conducive to social responsibility and which should exist in a nation's political and economic systems prior to businessmen's claims that they assume their social responsibility. This necessitates exploring how this concept is embedded in political theory especially in theories of pluralism and liberalism, in neo-Kantian political theory of ethics, and in Habermass deliberative democratic theory.

II- Social Responsibility and Political Theory

Despite the embedment of the concept of responsibility in political theory and in political debates raised by philosophers like Hamilton, Edmund Burk, John Stuart Mill and Max Weber, the concept used by those political theorists refer to political responsibility of those who govern or to government itself.² However, the theories of analytical pluralism and liberalism revived interest in the concept of social responsibility from several perspectives. To begin with Bentley's theory of pluralism depicted society as composed of various groups with conflicting interests, with the appearance of one group leads to the emergence of a countervailing group. The state here is treated as yet another group that stands to counterbalance various groups and to prevent the encroachment of any of these groups on the rights of others. According to this theory these groups are in a continuous "state of flux".³ It is this "state of flux" that determines the legitimacy of the system rather than the allocation of political values by the state among the different groups. Accordingly, democracy is the only political system that would allow such continuous change to take place.⁴ It follows then that in a pluralistic democratic society the social system is characterized by the presence of diverse autonomous groups who freely participate in the system but at the same time influence it through their various activities, reflecting a

¹ Carroll, A.B. "Stakeholders Thinking in Three Models of Management Morality: A Perspective with strategic Implications", in Nasi, J. (ed). *Understanding Stakeholder Thinking*, LSR publications, Helsinki, Finland, 19995, p.49.

² Williams, G. "Responsibility as a Virtue". *Ethics Theory Moral Practice*, Vol.11, March 2008, p.458.

³ Bentley, A. *The Process of Government : A Study of Social Pressure*. The Principia Press of Illinois (1908), 1935, p.269.

⁴ Binder, L. *Islamic Liberalism, A Critique of Development Ideologies*. The University of Chicago Press, 1988, p.28.

contemporaneous private freedom and public responsibility.¹ Accordingly, while social responsibility is ingrained in the theory of pluralism, the latter increases interest in the concept of social responsibility of business. On one hand, pluralism entails freedom and hence acknowledges that business corporations act as free agents and on the other hand pluralism diffuses power among various contending groups, including business, and hence increases the interest in the social responsibility that each of these groups should hold towards the entire social system.

Since the existence of free competitive markets are fundamental characteristics of societies that value freedom and autonomy, political theorists place the concept of corporate social responsibility(CSR) at the core of the theory of liberalism.² Dubbink and Liedekerke eloquently reflect this point of view when they mention

At the very least, this type of society values freedom and autonomy as basic values and advocates economic reproduction by means of the free market. The free market is also valued as a basic social institution because of its support in realizing freedom. These facts focus the search for a suitable candidate. It strikes us as a reasonable endeavour to embed CSR in the context of liberalism, conceived of as a broad school of thought that includes the likes of Mill, Kant, Rawls, Friedman, Hayek and Nozick. After all, liberalism generally embraces the (concept of a) free market.³

Despite the fact that Dubbink and Liedekerke place social responsibility within Kant's political liberalism where they draw the analogies between the various components of social responsibility and Kant's Right on one hand and the individual pursuit of virtue and the full set of general principles on the other⁴, they nevertheless acknowledge that Neo-Kantian liberalism provides a better framework for Carroll's quadripartite division of business responsibilities since it differentiate between Right", the full set of general principles, and the individual pursuit of virtue. According to Dubbink and Liedekerke Carroll's "legal responsibilities" can correspond with Right, his "ethical responsibilities" can correspond with "the full set of general principles" and his "discretionary responsibilities" can be related to the individual pursuit of virtue.⁵

¹ Davis, K. "Understanding the social responsibility puzzle", p.46.

² Dubbink, W & Van Liedekerke, L. "A Neo-Kantian foundation of Corporate Social Responsibility". *Ethic Theory Moral Prac.* Vol 12, 2009, p.124

³ *Ibid.*, pp. 124, 125.

⁴ *Ibid.*, p.128.

⁵ *Ibid.*, p.132.

Within the framework of liberalism other political philosophers view the individual pursuit of virtue as their continuous endeavor to do the common good and preach that common good should be the ultimate purpose of business.¹ Those political philosophers place social responsibility within the framework of virtue theory and equate corporate social responsibility (CSR) with mercy which is defined as one's freedom of choice as to whom and when to perform duties,²

We can therefore view CSR as corporate mercy which is aimed at promoting the public good. There is, of course, a distinction between justice and mercy. Justice is rational and measured, mercy is immeasurable. Justice can be commanded, mercy can be freely given.³

Whereas justice represent the set of obligations that are compelled by law, mercy represent the set of behavior that are chosen freely, which are not codified by any legal jurisdiction.⁴

Again freedom here is a notable value where businessmen choose or refrain from choosing to work for the public good and hence assume its social responsibility. It can be safely argued that freedom of choice here reflect voluntarism which not only encompass Carroll's ethical responsibilities but surpass this to entail his philanthropic responsibilities as well.

Scholars like Scherer and Palazzo view the concept of social responsibility as embedded in Habermas's theory of deliberative democracy. Habermas's theory of deliberative democracy transfers attention from the individual citizen's choice and participation in the public sphere and in public decision making to the deliberation of collective civil society actors. He shifts attention to the associations which citizens form such as NGO's or other civil society associations and networks. It is through these associations that citizens attempt to promote their causes in the broader public sphere.⁵ Accordingly it is ,

these spontaneously emerging civil society associations and movements that map, filter, amplify, bundle, and transmit private problems,

¹ Arjoon. S. " Virtue Theory as a Dynamic Theory of Business". Journal of Business Ethics. Vol. 28. No 2, Nov 2000. P.167.

² Ibid., p.172.

³ Ibid., p.172.

⁴ Ibid. pp.172. 173.

⁵ Scherer. A G & Palazzo G. " Toward a Political Conception of Corporate Responsibility: Business and Society Seen from a Habermasian Perspective". *Academy of Management Review*, Vol 32, No4. 2007. p.1107.

needs, and values are the core actors in the process of democratic will formation.¹

In pluralistic societies, the formation of public will needs a strong link between democratic institutions and civil society where the political decision making result from the deliberative process of negotiating, bargaining, campaigning, voting, and other important political activities. This in turn result in decisions that are more public spirited both in process making as well as in outcome.² Since societal needs and problems and consequently demands change over time as well as changes occurring in various societal institutions and since the business has to anticipate in advance the ensuing changes as part of assuming its social responsibility, business corporations then have to be involved in the deliberation that takes place within civil society and play a role in the formation of public will.³ Hence.

A deliberative concept of CSR embeds corporate decision making in processes of democratic will formation. These processes, driven by civil society actors and spanning a broad field of public arenas, establish a *democratic control on the public use of corporate power.*⁴

By placing the concept of social responsibility of business within the framework of Habermas theory of deliberative democracy, the behavior of business is taken a step further and is assigned a more active political role. Instead of business merely anticipating changes in societal demands and expectations, business here plays a political role in shaping these demands through its continuous participation in discursive discourse as part of the democratic will formation. As Scherer and Palazzo explains

Some corporations do not simply follow powerful external expectations by complying with societal standards in legal and moral terms; they engage in discourses that aim at *setting or redefining* those standards and expectations in a changing, globalizing world and assume an enlarged political coresponsibility⁵

The resulting deliberative public decision making on the other hand establish democratic checks and balances on business power.

To sum up whether embedded in the theory of pluralism, liberalism,

¹ Ibid., p 1107.

² Ibid., p/1107.

³ Ibid., p.1108

⁴ Ibid., p.1109

⁵ Ibid., p1109.

Neo-Kantian liberal theory, or Habermas deliberative democratic theory, the basic foundations or the prerequisite conditions that should exist for the application of the concept of social responsibility of business at the theoretical and pragmatic level remain entrenched within liberal democratic societies. Without the existence of pluralism, freedom of choice, deliberative public decision making and a free competitive market, social responsibility remains an appearance that hides various other motives.

The following section thus try to explore whether the concept of social responsibility stands valid in authoritarian regimes such as Mubarak's Egypt where the pre-requisite conditions conducive to a genuine social responsibility being taken up by businessmen are absent and where the political and economic markets are distorted by the appearance of the so-called politico-economic entrepreneurs.

III- Authoritarianism and the Rise of Politico-Economic Entrepreneur in Mubarak's Egypt .

. The rise of some business men who monopolize economic and political power is a phenomenon that is deeply rooted in non-democratic societies. This phenomenon has been thoroughly studied by various scholars. Perhaps one of the early studies that highlighted the interchangeable role between political and economic entrepreneurs is that of Frohlich, Oppenheimer & Young who have pinpointed the fact that economic entrepreneurs will in some instances play a dual role and will "branch out into the supply of collective goods for a profit, thereby adding to their total income."¹ The distortion of the political and economic market due to the absence of pluralism, freedom of choice and free competition, which, result from the political and economic behaviour of these politico-economic entrepreneur, drives Anderson in his study of Latin American Politics to label this phenomenon as "one form of institutionalised corruption"².

Mubarak's reign in Egypt that lasted from 1981-2011 and, which has been categorized as bureaucratic authoritarian rule³, created the appropriate conditions for the growth of the so called politico-economic entrepreneur. This phenomenon has started to surface in Egyptian politics since the mid eighties, when a group of businessmen who monopolize the

¹ Frohlich, N, Oppenheimer, J& Young, O, *Political Leadership and Collective Goods*, Princeton University Press, USA, 1971, p.58.

² Anderson, C, *Politics and Economic Change in Latin America: The Governing of Restless Nations*, D. Van Nostrand Company, Inc.1967, p.141.

³ For the application of the concept of Bureaucratic Authoritarianism to the Egyptian state see Fahmy, N. *The Politics of Egypt: State-Society Relationship*. RoutledgeCurzon, UK, 2002.

economic market started to seek political power through contesting the 1987 elections. Nominated on the ruling National Democratic Party's list (NDP) they all managed to win the elections and gain parliamentary representation. The 1995 elections witnessed an increase in the number of business nominees when fifty of Egypt's top businessmen contested the elections. Eighteen of these were nominated on the NDP list, ten on the Wafd party list, one on the Liberal party list and twenty-one contested the elections as independents. Out of these fifty nominees thirty six businessmen have won parliamentary seats. In addition to one appointed by the president, their total number in the 1995 parliament mounted to thirty seven out of 454 members representing 8.15 per cent of the total. In the 2000 elections twenty five of Egypt's business tycoons have managed to win parliamentary seats, a number that exceeded the total number of the winning candidates of all opposition parties.¹ The monopoly power of the politico-economic entrepreneur in the political and economic spheres has tremendously increased since the 2000 elections. This was manifested in their increased numbers in the senior office of the NDP especially in 2003 and 2004 and in their increased representation in parliament where seventy five members of those politico-economic entrepreneur won parliamentary seats in the 2005 elections. Another manifestation of their increased power was the cabinet formed by Nazif after the 2005 elections which included a large number of those politico-economic entrepreneurs.² The same situation was reiterated during the 2010 elections where a large number of businessmen managed to gain parliamentary representation and the Nazif cabinet with its overwhelming majority of politico-economic ministers remaining in office until the January 25th, 2011 revolution have ousted the Mubarak's regime from office.

Whilst distorting the market by monopolizing power both in the political and economic arena, this article studies the concept of social responsibility as it applies to the so-called politico-economic entrepreneur. By examining two philanthropic NGO's that has been established and run by two of those politico economic- entrepreneur, this article argues *that the concept of social responsibility stands valid in liberal democratic societies characterized by pluralism both in the political and economic arena where there is freedom of choice, deliberative public decision making, and a free competitive market. Under these conditions businessmen can strive to assume their social responsibility and give back to society. On the other hand the*

¹ Ibid., p.172.

² Farrah, N, *Egypt's Political Economy: Power Relations in Development*, The American University in Cairo Press, Cairo, New York . 2009, p.2..

concept of social responsibility becomes void in authoritarian societies such as Mubarak's Egypt characterized by lack of pluralism and freedom of choice, by the presence of monopolies both in the political and economic sphere and mostly by the presence of a group of politico-economic entrepreneur who monopolize public decision making and public policies. As the case studies will exemplify that under such conditions those politico-economic entrepreneur will attempt to exploit society and create a business out of their pretense of assuming social responsibility.

Jam'iyyat XYZ for Community Development¹

A-An Overview of the Jam'iyya

Registered as a charitable non-governmental organisation Jam'iyyat-XYZ for the development of the Local Community, was established in 2001 by Mrs Soha. An ambitious middle aged businesswoman, the daughter of a business entrepreneur, and a former journalist with the opposition newspaper *Sawt al-Umma*. She decided as early as 1999 to build a political career and contested the 2000 elections as an independent candidate representing Misr-al Qadima district, though she failed to achieve any significant results.² Soha then took two measures to enhance her political and economic career. The first was to change her political allegiance, so the former journalist with a prominent opposition newspaper that fiercely attacks the regime and its ruling party, opted to join the ruling National Democratic Party (NDP), became its women's representative in Misr al Qadima and decided to contest the 2005 elections as an NDP candidate.³ The second measure was the establishment of a philanthropic organisation. Accordingly, under the guise of assuming her social responsibility and giving back to society Soha established in 2001 Jam'iyyat XYZ. This was another carefully planned and calculated step to further her ambitions. As far as her political career was concerned, the Jam'iyya facilitated two important links for Soha. The first was a downward link with the grass roots, who were her future electorate. These simple people, most of whom lack any kind of education, believed that the money spent on the projects came out of Soha's pocket, not from the donor organisations, to the extent that the Jam'iyya was known amongst the people not by its own name but by the name of Soha.

The second link was upward, and a close tie was established with the executive apparatus, again in order to facilitate Soha's political career.

¹ All names in this case study has been changed to preserve anonymity.

² An interview with Soha held in June 2005.

³ Ibid

especially her election campaign. The Jam'iyya also helped her to diversify her family's economic activities, as will be discussed later.

The purpose of the Jam'iyya, according to its mission statement, is to improve the living conditions of child workers and their families either through helping them resume their education, since most of them are school drop-outs, or eradicating illiteracy, training them for better and safer jobs and providing for their physical and psychological, as well as economic and social, welfare.

The Jam'iyya has identified five principles to govern its functions. These are documented in its pamphlets as transparency, accountability, rotation of power, rejection of autocracy in decision making, and working to solve community problems.¹

According to the records of the Jam'iyya, it has been involved in six projects, five of which have been consecutively financed by the Egyptian Swiss Fund, the GTZ which is the German Agency for Technical Co-operation "GTZ" in co-operation with the ministry of planning, and the Social Fund for Development. The sixth project which is under study here, was financed by the World Bank to the sum of 2,000,000 Egyptian pounds, with the aim of ensuring better and safer jobs for children working in extremely dangerous conditions.²

B- The Governance of the Jam'iyya

In theory, Jam'iyyat XYZ is governed by a general assembly, which includes all of its fifty-five members and an allegedly elected board of directors whose term of office lasts two years. The board of directors is allegedly responsible for drawing up the various policies and for taking major decisions concerning the Jam'iyya's different functions and projects, while the executive manager, Soha is responsible, in theory, for the day-to-day operation of the projects and for implementing the decisions taken by the board of directors.³ She is aided by a staff of clerks and social workers. In practice, Jam'iyyat XYZ revolves around Soha who, as one inside informant reported, handpicks members of the board of directors and runs the Jam'iyya in a very autocratic fashion, since she is the main decision maker and executive and one of the important tasks in which she excels is drawing up applications to donor agencies.

¹ Records of the Jam'iyya.

² Ibid..

³ Ibid.,

A glance at the members of the board of directors, who are carefully chosen and changed from one term to the next by Soha reveals how these choices are intended to serve her political goals.

Tables 1-A, B, & C shows the members of the board of director from 2001-2007.

Table 1-A: Members of the Board of Directors of Jam'iyat XYZ for the years 2001-2003.

Name	Position on the Board	Occupational Position
Major General Mounir Ali	President of the board of directors	High ranking officials
Eng. Tayseer Matar	Vice President of the board of directors	A Member of Parliament;
Eng. Kamal Mouhamad	Treasurer	Factory manager
Mrs Karima al Nabolsy	Secretary General	Ex-official in the department of education
Dr. Mouhamad al Nabolsy	A Member of the board of directors	Vice Dean of one of the Faculties at the University of Cairo and the Consultant of the Governor of Cairo..

Source: The records of of Jam'iyat XYZ

Table 1-B: Members of the Board of Directors of Jam'iyat XYZ for the years 2003-2005

Name	Position on the Board	Occupational Position
Major General Mounir Ali	President of the board of directors	High ranking official
Dr. Mouhamad al Nabolsy	Vice President of the board of directors	Vice Dean of one of the Faculties at the University of Cairo and the Consultant of the Governor of Cairo..
Eng. Kamall	Treasurer	Factory manager

Mouhamad		
Mr. Ibrahim Mohamad Moussai	Secretary General	A Business Man
Mrs Karima al Nabolsy	A Member of the board of directors	Ex-official in the department of education
Mrs. Reham Saad Mohamad	A Member of the board of directors	A member of the finance department in al-Jam'iiya.

. Source: The records of J of Jam'iyat XYZ

Table 1-C: : Members of the Board of Directors of Jam'iyat XYZ for the years2005-2007.

Name	Position on the Board	Occupational Position
Major General Mounir Ali	President of the board of directors	High ranking official
Mr. Hassan.	Vice President of the board of directors	A Businessman
Eng.Kamal Mouhamad	Treasurer	Factory manager
Mrs Soha	Secretary general of the Organisation	Manager of the organisation
Mr.Ahmad Salem	A member of the board of directors	A Business Man
Eng.Mamdouh Wahba	A member of the board of directors	A Business Man
Mrs. Reham Saad Mohamad	A member of the board of directors	A member of the finance department in al-Jam'iiya.

. Source: The records of Jam'iyat XYZ

The composition of the board of directors reflects Soha's efforts to build strong relationships, through the organisation, with the executive apparatus and with ex-officials especially during the period preceding the 2005 elections. The board of directors during the periods 2001-2003 & 2003-2005 included two high- ranking executives: Major General Mounir Ali

who held several high ranking posts in the executive apparatus, and Prof. Mouhamad al Nabolsy who acted as advisor to the Governor of Cairo. It also included one ex-official; Mrs Karima al Nabolsy who had strong connections with the Department of Education. It is worth noting here that the board of directors for the year 2001-2003 included one Member of Parliament Eng. Mohsen Matar, who acted as the Vice President of the board of directors during that period. However, Mr Matar was excluded not only from the subsequent boards but also from the whole organisation. In an interview with Soha she reported that Mr. Matar, who is an MP, had tried to use the organisation in order to further his political career. Needless to say, this behaviour had placed him in conflict with her, for her main purpose in establishing the Jam'iyya, though under the guise of social responsibility, is to advance her own political career. As the conflict developed, Matar was not only excluded from the board of directors, but was also expelled from the organisation.

The appointment of the 2005 board of directors few month before the November 2005 elections, witnessed Soha's father Mr. Hassan.-being installed as the vice president of the board and herself as the secretary general and the executive manager of the organisation in order to facilitate her full control of the organisation's resources. Again, the same board included the highest proportion ever of businessmen. While the 2001-2003 board of directors did not include any businessmen, and the 2003-2005 board included one businessman among its six members (17% of the board), three of the seven members of the 2005-2007 board were businessmen (43% of the board). The increase in the proportion of businessmen coincided with the 2005 parliamentary elections and Soha's need to increase the donations needed to cover her election campaign. Compared with the 2001 and 2003 board of directors, which each included two members from the higher echelon of the executive apparatus and one ex-official, making up 60% and 50% of the members respectively, the 2005 board included only one high-ranking executive out of seven members representing 14 % of the board. This indicates that Soha had already established strong relations with the executive apparatus and succeeded in creating a network of patrons who would support and protect her interests during the elections. It is worth noting here that despite all these efforts, she failed in the 2005 elections and did not secure a seat in parliament. Her failure can be attributed to her running the elections as an independent candidate after the ruling National Democratic Party (NDP) turned down her nomination on its party list. However, being nominated on the NDP list in 2010 elections, Soha finally

managed to secure a seat in parliament, only for the latter to be revoked a couple of month later after the January 25th 2011 revolution.

C-The Development Project under-Study

As mentioned earlier, Jam'iyyat XYZ is located in the old quarter of Cairo, an area where most child labour is concentrated in the tanning industry. The project under study was financed by the World Bank to the sum of 2,000,000 Egyptian pounds to ensure better and safer jobs for those children working in highly hazardous conditions. In addition to the unhealthy conditions in the area where the tanneries are situated, which are frequently flooded with sewage water, the children's work involves mixing chemically harmful substances, and skin diseases are therefore widespread. The use of electric saws without essential training results in frequent accidents, which ultimately lead to the amputation of the children's fingers. Welding without safety masks sometimes results in blindness. Of course, most of those children come from impoverished families with an average of 6-8 members. Some of them have attended school at some point in their lives, but had to drop out in order to help support their families. Others have never attended school and were forced into the labour market when they were as young as seven. One of the aims of the project was to help return some of the drop-outs to the education system by providing financial support for their families during the school year and helping them with education-related expenses. The major aim, however, was to provide those who had not received any kind of education and those who were not willing to go back to school with the training needed to qualify them for much safer jobs in better working conditions. This entails moving the children who work in tanneries in different jobs. This was a pilot project of the World Bank to test whether it could be repeated at a broader level in the future.¹

According to the Jam'iyya records, its target was to move 350 children, most of whom worked in the tanning industry, to safer jobs and to provide them with social and psychological support.

In an interview, Soha sets the number of children at 300. Of these, 150 were allegedly found safer jobs through the help of the Ministry of Labour in compliance with a protocol drawn up between the Jam'iyya and the Ministry.² The Jam'iyya's responsibility towards these children was restricted to providing a complete health check and sending them to the

¹ An interview with Soha in June 2005.

² Ibid.

factories nominated by the Ministry of Labour, where they were to be trained in safer jobs. The Jam'iyya would pay the children a small sum of money during a three-month training period, after which they would be placed on the factories' pay roll.

The remaining 150 children were supposed to be the sole responsibility of the Jam'iyya, whose objective was to train them and find them safer jobs. A carpentry workshop for boys and a sewing room for girls were allegedly established to train the children in woodwork and dressmaking and then provide them with permanent jobs on the payroll, with their work also being a source of income generation for the Jam'iyya. An inside informant has reported that one of the conditions set by the World Bank for granting the Jam'iyya the 2,000,000 Egyptian pounds was the establishment of such facilities as the carpentry and sewing workshops. According to Soha, her father, donated 187,000 Egyptian pounds to establish the workshops.¹ However, the researcher discovered that the alleged donation was in fact a loan her father provided, to be repaid from the grant from World Bank.² Literacy classes were allegedly held by the Jam'iyya to teach the children to read and write and social workers were employed by the Jam'iyya to help solve the children's social and psychological problems. The social workers were to hold weekly sessions with the children.

Despite the fact that both the workshops were supposed to be on-going projects through which to study the effect that acquiring new skills had on the life of these 150 children through providing them with safer jobs, when the researcher asked to visit the sewing workshop and interview some of the girls who worked there, she was informed that it was empty because "it is undergoing preparation in order to receive the new comers". Again, when a visit to the carpentry workshop was requested, the people in the Jam'iyya were evasive and instead brought six of the children for the researcher to interview on the Jam'iyya premises, ignoring the researcher's repeated requests to visit the carpentry workshop herself. This was an attempt to conceal the fact that the carpentry workshop was built in Soha's father's tannery, as the researcher discovered from the children she interviewed, and was intended to become the nucleus for the diversification of Mr Hassan's economic activities and his prime attempt to start a business in furniture making. It was also meant to conceal the actual number of children being trained in the carpentry workshop, which was far below the

¹ Ibid.

² Ibid.

number given by Soha.

The six children interviewed were all school drop-outs and only one of the six expressed his intention of resuming his studies alongside his work. When the children were asked how many children were being trained in the carpentry workshop, they said they were a group of seventeen, not 150 as Soha had said. The six children were already working prior to their joining the Jam'iyya workshop. Two of them used to work in carpentry workshops, two in an electrical workshop, one in pottery, and one in chandelier making.¹ This shows only two of the six children were working in hazardous conditions (electrical workshops) and none in the tanning industry, as Soha had said. Nevertheless, the six interviewed confirmed that they had all taken literacy classes and learned to read and write and that these classes benefited them more than the schools they use to attend.² When asked about the medical care they received from the Jam'iyya, including regular medical check-ups, all six declared that they had not received any medical examination through the Jam'iyya. One of the children interviewed complained that he had been suffering from blurred vision for some time and that he had "repeatedly asked Mr Wael (one of the employees in the Jam'iyya who is allegedly responsible for arranging the various health check ups for the children) for a sight check, but he did not respond." The boy added, "I have been suffering from poor vision and headaches for a long time."

D) Accountability of the Jam'iyya

In theory, the Jam'iyya is accountable to the Ministry of Social Affairs and is obliged to send the minutes of the meetings of the board of directors regularly to the Ministry. According to Rania Saad Mohamed, a member of the board of directors who works in its finance department, their annual budget and financial books have to be approved by the Ministry of Social Affairs. It is through the Ministry that the Jam'iyya has received the 2,000,000 Egyptian pounds from the World Bank. Emphasising that even the slightest financial activity in the Jam'iyya was supervised by the Ministry of Social Affairs, she declared that even opening bank accounts for the Jam'iyya, as well as deposits and withdrawals from these accounts, needed

¹ An interview with the children in the Ja'miyya in June 2005.

² All of the six children were drop-outs from junior [preparatory] school. Nevertheless, they all complained that they were unable to read and write because the teachers in their schools use to leave the pupils in the classrooms and enjoy themselves in the school yards. Only those children who used to and could afford take private lessons were given attention by the teachers.

the prior approval of the Ministry.¹

An accountant² who works with the Ministry of Social Affairs and examines the Jam'iyya's books told the researcher, "As long as their books are neatly organised, which they are, then there is no problem. Nevertheless this does not stop my feeling that there is something wrong going on." In theory, the representatives of the Ministry should visit the Jam'iyya regularly and follow up its projects. The fact that this does not take place can be attributed to the fact that Soha is the ruling NDP representative and has established strong ties with the executive apparatus. The researcher was not informed of any visits by the World Bank's representatives, either to check the workshops or to inspect the conditions of the children who worked there.

To sum up, the case study of Jam'iyyat XYZ clearly shows that in an authoritarian regime such as Mubarak's Egypt which is characterised by the lack of plurality both in the political and economic spheres and where the political market is monopolised by the ruling NDP party, it becomes easy for party members especially those politico-economic entrepreneur to exploit society under the guise of social responsibility. As the case study exemplifies Soha, a politico-economic entrepreneur, under the pretence of assuming her social responsibility established the Jam'iyya in 2001. However, the real reasons behind establishing the Jam'iyya were far from such pretence. Through the jam'iyya Soha sought to help fulfil her political aspiration in winning parliamentary elections through tightening her relations with the executive apparatus (upward link) on one hand, and through creating strong illusionary links with her electorate (downward link) which would enable her to buy their votes later on during the elections. Through her internal autocratic decision-making Soha failed to institutionalise democratic practices, and hence fell short of assuming her political responsibility through acting as an agent for change. The case study also shows how Soha abused foreign-aid funds which helped diversify her father's economic activities rather than achieving any significant community development through helping the intended beneficiaries. A contributory factor that facilitated this abuse has been the lack of checks and balances from the state, from donor organisations and from the repressed society.

¹ An interview with Rania Saad Mohamad in June 2005.

² It was this accountant who directed the researcher's attention to the Jam'iyya in the first place claiming that he had a hunch that some sort of fraudulent activity was taking place there. Whether it was really a hunch or confirmed information will remain unknown.

Jam'iyyat MNO for Community Development¹

A-An Overview of the Jam'iyya

Registered as a charitable non-governmental organisation, Jam'iyyat MNO for the Development of the Local Community, was established in 1998 by Mr Osman and is also located in Misr al-Qadima. Mr. Osman is a businessman who owns a tannery. He represents the fourth generation working in the industry and his children, the fifth generation, are continuing the family tradition. He is also the head of one of the chambers in the Egyptian Federation of Industries, and was the NDP MP for al-Manial area from 1990 to 1999², thus representing a typical case of a politico-economic entrepreneur. From the outset Osman, has used his political connections with the executive apparatus, mainly Cairo governors, to obtain privileges denied to other NGOs. For example, the land on which the Jam'iyya buildings stand, which is worth a fortune, was given to Osman free of charge by Abd el-Rehim Shehata, who was then Governor of Cairo³. Despite the fact that Osman lost the 2000 elections, his establishment of the Jam'iyya in 1998 was intended to serve both his political and economic interests. As far as his political interests were concerned, the Jam'iyya was intended to provide him with a closer link with the masses and access to buying votes during the elections. His economic interests are well served by the Jam'iyya, which is being utilised, through the foreign aid it receives, as a source of income generation on the one hand and on the other as a cover for the bribes that Osman receives from foreign businessmen to facilitate their business deals in Egypt, as the case study will show. Osman contested the 2005 elections as an NDP candidate but failed to achieve any significant results. His failure in the elections is mainly attributed to his opponent who is a member of the Muslim Brotherhood who successfully managed to employ religion and religious slogan to his benefit, thus winning over the simple minded and uneducated electorate. In 2010 the NDP refused to nominate Osman on its party list and the latter choose not to contest the elections.

The purpose of the Jam'iyya, as stated in its mission statement, is to enhance the productivity and improve the living standard of the people through improving the educational, technical and behavioural skills and capabilities of the youth. This is to be achieved by providing comprehensive

¹ All names in this case study has been changed to preserve anonymity.

² Interview with Osman in June 2005.

³ Interview with Omar, the Jam'iyya's executive manager in June 2005.

care for children and women in the area and offering training programmes to help the youth acquire new technical skills needed by the labour market.¹

According to the records of the Jam'iyya, it has been involved in several projects that were consecutively financed by the Egyptian Government, local funds of the Jam'iyya, the Egyptian Association for Health & Environmental Culture, the Swiss-Fund, and the German Government. In addition to these projects the Jam'iyya has been involved in a project that was financed by the International Labour Organisation "ILO" which is one of the understudied projects in this paper, the purpose of which was to provide the children who work in dangerous occupation with vocational training in safer jobs, to eliminate their illiteracy and to provide them with comprehensive social care. Another understudied project, was financed by the Swiss fund, and targeted the same group of children workers. The aim of this project was to provide vocational training for safer jobs for children labourers, to eliminate their illiteracy and to provide them with health, sports and entertainment services. The last project was financed by the Italian agency MAIS. This project had multiple purposes amongst which was the establishment of a medical centre that is understudied in this article.²

B- The Governance of the Jam'iyya

In theory, Jam'iyyat MNO is governed by a general assembly, which includes sixty-eight members, an allegedly elected board of directors, and an executive manager working closely with a staff of clerks and social workers. In practice, the Jam'iyya revolves around two figures: its founder, Osman and its executive manager, Omar. While Osman personally chooses the members of the board of directors and acts as its chair, and in this capacity approves the various functions and projects run by the Jam'iyya, Omar runs the various operations of the Jam'iyya and is given a free hand in its affairs, a power granted to him by Osman.³ Both Osman and Omar manage the Jam'iyya with almost no involvement in policy making or implementation from the board of directors.

While in theory the board of directors is allegedly elected, in practice as one informant⁴ reported, the members of the board of directors

¹ Records of the Jam'iyya.

² Ibid

³ Records of the Jam'iyya.

⁴ This informant used to work in the Jam'iyya but has resigned in protest against the corruption that she has witnessed there.

are hand-picked by Osman in consultation with Omar.

Tables 1-A, B, & C show the members of the board of director from 1998-2010.

Table 1-A: Members of the Board of Directors of Jama'iyat MNO for the years 1998-2000.

Name	Position on the Board	Occupational Position
Accountant Osman	President of the board of directors	Head of the one of the chamber Egyptian Federation of industries
Dr. Dr. Ramadan Ali	Vice President of the board of directors	A high executive official in the Ministry of Youth
Eng Ibrahim al-Sayed	Secretary General	Civil Engineer in Cairo governorate
Eng. Moustafa Sourour	Treasurer	Businessman
Eng. Farrouk Mohamad	Member of the board of directors	Businessman.

Source: An interview with Mr. Omar, executive manager of Jam'iyat MNO

Table 1-B: Members of the Board of Directors of Jama'iyat MNO for the years 2000-2004

Name	Position on the Board	Occupational Position
Accountant Osman	President of the board of directors	Head of the one of the chamber Egyptian Federation of industries
Dr. Ramadan Ali	Vice President of the board of directors	A high executive official in the Ministry of Youth
Eng. Farrouk Mohamad	Secretary General	Businessman
Accountant. Amr Kamal	Treasurer	Businessman
Eng Ibrahim al-Sayed	Member of the board	Civil Engineer in Cairo

	of directors	governorate
Accountant Ahmad Thabet Mekky	Member of the board of directors	Bussinessman.
Mr Mahmoud Gaber Barakat	Member of the board of directors	Bussinessman.

. Source: An interview with Mr. Omar, executive manager of Jam'iyat MNO.

Table 1-C: : Members of the Board of Directors of Jama'iyat MNO for the years 2004-2010.

Name	Position on the Board	Occupational Position
Accountant Osman	President of the board of directors	Head of the one of the chamber Egyptian Federation of industries..
Dr. Ramadan ali	Vice President of the board of directors	A high executive official in the Ministry of Youth
Eng. Farrouk Mohamad	Secretary General	Businessman
Accountant. Ammar Kamal	Treasurer	Businessman
Eng Ibrahim al-Sayed	Member of the board of directors	Civil Engineer in Cairo governorate
Accountant Mohamad Osman	Member of the board of directors	Bussinessman.
Mr Raouf Barakat	Member of the board of directors	Bussinessman.
Aly Abd al-Latif Barakat	Member of the board of directors	Bussinessman.
Marwa Osmant	Member of the board of directors	An economic consultant

. Source: : The records of Jam'iyat MNO

The terms of office for each of the three board of directors from

1998 to 2010 reflect the lack of a consistent system for elections to the board. While the first board held office for only two years, the second remained for four years and the third will continue for six years. One member left the 2000 board and three new members joined it, amongst whom was accountant Mohamad Osman, the son of the board's president, thus increasing the number of the board members from five to seven. On the basis of these numbers board members increased from five to seven, this change represents a 42% turnover. However, if this percentage is measured against the constant number of five, which was the number of members on the 1998-2000 board, the real turnover rate amounts to only 22%. The board of directors that was allegedly elected for the term 2004-2010 included the seven members of the previous board plus two new members, including Marwa Osman, the daughter of the board's president. On the basis of the new figure of nine board members, this would make the turnover rate 22%. A more accurate calculation for the turnover rate would be based on the 2000-2004 number of members, which is seven, and would reveal no change in the board of directors taking place from 2000-2010, giving a 0% turnover rate, which casts doubt on the seriousness of the elections to the board. The constant increase in the number of board members from one term to the next is a method of concealing the continuation in office of the same board members over the years. Consideration of the professional occupations of the board members reveals that, unlike Soha who needed to build strong ties with the executive apparatus especially during the first two terms of the board of directors in Jam'iyyat XYZ, Osman's board of directors included from its inception a high proportion of businessmen. This could be attributed to the fact that, whereas Osman had already been an MP for almost ten years and, being a politico-economic entrepreneur, has strong ties with the executive apparatus and a well established patronage network, Soha was never an MP until 2010 and needed to establish such ties and to build her own network of patronage. Another phenomenon that the membership of the 2004-2010 board of directors reveals is the existence of the familial board so prevalent in Egyptian NGOs. This fact is exemplified by the last board of directors which included Osman and both his son and his daughter, amounting to one third of the board.

C- The Developmental Projects under Study

As mentioned earlier, Jam'iyyat MNO is located in the old part of Cairo, where child labour is most widespread. The ultimate purpose of the project under study was to provide comprehensive social, medical, and educational care and vocational training in order to employ children

working in hazardous conditions in safer jobs. The project was established in various stages, each stage being financed by a different donor agency. Four donors, the ILO, the Swiss Fund, the German government, and the Italian organisation MAIS were involved in this project.

The project started in 2001 with a grant of SUS52,000 provided by the ILO, equivalent to 225,000 Egyptian pounds at the rate of exchange at that time. The purpose of this stage was to educate illiterate children and provide those who worked in dangerous occupations with vocational training for safer jobs. Accordingly, the infrastructure planned for this stage consisted of three classrooms and a training workshop with the stated intention of providing literacy classes for 360 children (boys and girls) who had dropped out of school, and vocational training for 120 children. This stage lasted from April 2001 to July 2002.¹ The second stage started in 2002 and was financed by the Swiss Fund with a grant of 165,000 Egyptian pounds, with the aim of providing child literacy classes and vocational training for children, as well as health, sports and entertainment facilities. The outcome of this project, according to the records of the Jam'iyya, was that 180 children were brought out of illiteracy. This project lasted from July 2002 to October 2003.² The third stage of the project started in 2003 and was financed by the German government to the sum of 50,000 Egyptian pounds with the aim of improving the vocational training workshops. The outcome of this project was that a well-equipped workshop for sewing and knitting was established. This stage lasted from August to December 2003.³ The last stage started in 2004 and was financed by the Italian agency MAIS with a grant of 2,000,000 Egyptian pounds. Although the purpose of this stage, as indicated in the Jam'iyya's records, was to improve the quality of life for child labourers and families living in Misr al-Qadima,⁴ an objective which is rather vague and unspecified, the main purpose of the project, as the researcher was informed by Omar, was to establish a medical centre in the Jam'iyya.⁵ The alleged outcome of this stage was the provision of 300 children and 80 adults with access to literacy programmes, the provision of 660 children and 140 adults with vocational training courses, the provision of 960 child labourers and their families with health care services and nutritional supplements, and finally the provision of 200 women with various information about family health issues. This stage of the project lasted from

¹ Records of Jama'iyyat MNO.

² Ibid

³ Ibid.

⁴ Ibid

⁵ Interview with Omar in June 2005.

November 2004 to November 2006.¹

There is no doubt that, in contrast to Jam'iyyat XYZ, Jama'iyyat MNO- owns the infrastructure that the former lacks. As mentioned earlier, the political connections of Osman and his role as a politico-economic entrepreneur facilitated his access to free land donated to him by the previous governor of Cairo and estimated by Omar to be worth 3,000,000 – 4,000,000 Egyptian pounds at the time of the donation. The Jam'iyya consists of a two-storey building on a 500 square metre plot with a small separate area for staff offices. The ground floor consists of an events hall where various functions are held, including wedding ceremonies, funeral ceremonies and religious conferences, especially during the month of Ramadan. The ground floor also contains what they refer to as two workshops, one for training electricians and the other for training plumbers, where vocational training is provided for children. In fact, what are labelled as workshops are two very small rooms with some chairs placed alongside each other, a table and a blackboard. One room contains the skeleton of a boiler and the other two short water pipes and a tap. The ground floor also has two small classrooms, each big enough for 8-10 children. The upper floor includes a sewing workshop with eight sewing machines, a computer room with eleven computers, and another workshop containing the skeletons of an air conditioner and a large freezer, where children are presumably trained to repair air conditions and freezers. This floor also contains the medical centre, which includes six clinics offering different specialisations and a laboratory.

As mentioned above, the project started with a grant from the ILO to provide various services for child labourers. Since these children work to provide for their families, these services were to be provided on either Fridays or Sundays,² depending on when they had their day off. In addition to these two days, some services are also provided for the children on Tuesdays evenings. In an interview, Othman claimed that the Jam'iyya's bus collected the children early on their day off and they arrived at the Jam'iyya by 9am. They start their day with classes in reading and writing, followed by vocational training classes. They are then provided with a meal, after which the recreational programme begins, which includes soccer, painting and pottery moulding, and a picnic once a month. The children supposedly leave

¹ Records of Jam'iyyat MNO.

² The day off will depend on the factories or the workshops where these children work. Some of these places prefer to take Fridays off while others prefer to take Sundays off.

the Jam'iyya around 4pm. The researcher has visited the Jam'iyya five times to conduct interviews with Osman and the social workers¹, three times on Fridays and twice on Sundays. During those visits the researcher did not see any children. It was only when she asked to interview the children that an appointment for a sixth visit was made on a Friday. Despite the fact that the researcher arrived at the Jam'iyya around 11am, none of the children were there. Hoping to see the children in the classrooms, the researcher asked to be shown round the building in order to see the various projects based there. Escorted by Othman, the researcher noted that all the Jam'iyya's rooms were empty and locked, except for the sewing room where three girls were trying to sew. Almost an hour later the researcher was told that the children, who had clearly just appeared, were ready for the interview and she was escorted by one of the social workers to meet them in one of the small vocational training rooms on the ground floor. There were eleven children, ranging from 8 to 17 years old. During the interview, the researcher discovered that, contrary to what she had been told, all eleven children were school pupils and none of them was a child labourer. If they ever worked, it would only be during the summer vacation to help them save some money to cover education expenses. Ahmad, a 16-year-old, was one of the children interviewed, and was chosen by the researcher to relate the daily programme at the Jam'iyya. Ahmad said they usually arrived at the Jam'iyya by bus around 9am, took their vocational training classes and then went home. Ahmad seemed to have forgotten some of the information he had been instructed to relay to the researcher and he was constantly reminded of the details he seemed to forget by Mamdouh, a 10-year-old child. "You forgot about the meal they give us here at the Jam'iyya," said Mamdouh..and added ""You also forgot about the recreation programme," "Oh yes, after we have our meals, we have some recreational activities: we play soccer. Then we go home." said Ahmad But Mamdouh was not satisfied with Ahmad's recollection of events. "Look here Miss, we don't leave the Jam'iyya before 4pm." It was obvious from the interview that the children had been instructed to describe a fictitious programme to the researcher. It seems the Jam'iyya has received a sum of SUS52,000 in foreign aid which is not accounted for.

The second project, for which the Jam'iyya has received 2,000,000 Egyptian pounds from MAIS, was the medical centre. According to Omar, the establishment of the centre cost 250,000 Egyptian pounds. It should be

¹ It should be noted here that the interviews held with Mr Osman were given in his office at one of the Chambers in the Egyptian Federations of Industries.

noted that the centre is on the second floor, which contains the computer lab and one of the vocational training rooms, which indicates that the cost mentioned by Omar is exaggerated since the infrastructure was already there. The cost of medical equipment has allegedly accounted for a further 750,000 Egyptian pounds, bringing the total expenditure to 1,000,000 Egyptian pounds. However, the researcher discovered¹ that the equipment in the medical centre was all donated to the Jam'iyya by a famous physician who was renovating his hospital. The second million pounds was intended to increase the number of child labourers who benefited from the Jam'iyya's services. An interview with the informant who used to work in Jam'iyyat MNO provided information about how the Jam'iyya managed to acquire the 2,000,000 Egyptian pounds from MAIS. According to this informant, the grant was given to the Jam'iyya in return for a favour by Osman, who used his position and connections as the head of one of the chambers in the Egyptian Federation of Industries to facilitate business deals for some Italian businessmen. Thus the Jam'iyya has been used as a cover for the bribes that Osman receives, which also illustrates corrupt behaviour on the part of some donor organisations.

D) Accountability of the Jam'iyya:

Like Jam'iyyat XYZ, Jama'iyyat MNO is accountable to the Ministry of Social Affairs and is obliged to send the minutes of the meetings of the board of directors regularly to the Ministry. During her visits to Jam'iyyat MNO, the researcher met Mr. Mohamad, the representative of the Ministry of Social Affairs, who praised the Jam'iyya and its work. However, the researcher noticed during three of her visits to the Jama'iyya, especially on Fridays, that Mr. Mohamad spent the whole day in the Jam'iyya socialising with Omar, who used to invite him for lunch there. This raised doubts as to the relationship between the two men, which clearly went beyond a formal, working relationship, especially considering that Mohamad's visits took place at weekends and outside official working hours.

As far as follow-up by the donor organisations is concerned, the informant who used to work at the Jam'iyya confirmed that visits were made on a regular basis, especially by the ILO. However, she added that these visits always posed problems for the Jam'iyya, because the representatives were coming to inspect the child labourers and see how they

¹ This information was revealed to the researcher by an informant who spent her public service year (al-Khidma al-'Ammah) in Jam'iyyat MNO, but left the Jam'iyya because, according to her story, she could not tolerate the level of corruption there.

were advancing in their literacy programmes and their vocational training. The problem lay in the fact that there were no child labourers. In fact, the Jam'iyya has completely failed to attract the targeted beneficiaries. Faced with the announced arrival of ILO representatives, the Jam'iyya staff would collect some school children from the neighbourhood, pay their parents a sum of money for hiring them out during the day of the visit, and present them to the representatives as child labourers. Since most of the children in the area work during the summer vacations to help augment their families' income, they were likely to have acquired one vocational skill or another, so the ILO representatives were actually inspecting literate school children with some acquired skill, who were usually instructed as to what to say and the role they should play. The follow-up from MAIS was a different story. One of these visits was deliberately arranged on the same day that the researcher had requested an interview with the children, and the researcher was introduced by the Jam'iyya's manager to Miss Noura from MAIS, who was supposedly there to inspect the children. Another incident that the researcher witnessed was the presentation to Noura of some invoices for day-to-day operational expenses. Later, the researcher overheard Noura asking the manager to change the invoices. "No problem," said Osman, and added, "I will send them back and ask the company to change them." The researcher never discovered which company Omar was referring to but the invoices were clearly falsified to show exaggerated expenses and Noura asked for them to be changed to present more realistic figures.

To sum up, the previous case study of Jam'iyyat MNO shows how Mr Osman, a businessman, a former MP for almost ten years, and the head of one of the Chambers in the Egyptian Federation of Industries uses his monopoly over political and economic power to exploit society under the guise of social responsibility. By establishing Jam'iyyat MNO in 1998, Osman's real intention was to use the Jam'iyya to buy himself votes during the 2000 parliamentary elections. Osman's internal autocratic practices in Jam'iyyat MNO, were similar to those of Soha's in jam'iyyat XYZ. Again, this case study exemplifies the failure of politico-economic entrepreneur to assume their political role as agents of change that should have institutionalised democratic practices. Moreover, Osman used his Jam'iyya to abuse foreign aid and to receive covert bribes in the form of foreign aid from foreign businessmen in order to facilitate their business deals. This was facilitated by lack of all form of control on the Jam'iyya from the State and the oppressed societal forces, in addition to suspected compliance from some donor organisations.

Conclusion

The review of literatures on the concept of social responsibility place it either within a narrow approach that view the responsibilities of business as confined to their economic and legal obligations, or within a broader approach that adds ethical and philanthropic responsibilities as components of the social responsibility of business.

By embedding the concept of social responsibility of businessmen within the theory of pluralism and liberalism, the Neo-Kantian liberal theory and Habermas deliberative democracy theory, political scientists were able to identify the conditions that should prevail in the political and economic systems for the concept of social responsibility to gain substance both at the theoretical and pragmatic level. These conditions have been identified as political and economic pluralism, democracy, freedom of choice, free competitive political and economic markets, and public decisions made through a mechanism of discursive discourse between various groups in society including businessmen. As such political scientist tend to add another dimension to the social responsibility of businessmen viz acting as political agents that should shape public will formation and public decisions.

However, in authoritarian regimes such as Mubarak's Egypt characterised by the absence of political and economic pluralism, by lack of democracy, by the absence of freedom of choice, by authoritarian decision making and by the presence of monopolies in the political and economic spheres the concept of social responsibility becomes questionable. These monopolies are exemplified by the presence of the so called politico-economic entrepreneur who monopolise both political and economic power. As the case studies of Jam'iyyat XYZ and Jam'iyyat MNO showed that through their internal autocratic practices those politico-economic entrepreneur have failed to act as political agents for institutionalising democracy. Moreover, it also showed that under the guise of assuming their social responsibility those politico economic entrepreneur used their established philanthropic NGOs for acquiring political and economic gains at the expense of achieving any real community development. Whereas the political gains were reflected in using the Jam'iyya to buy them electorate votes during elections, the economic gains were shown in their abuse of foreign-aid money that enriched their pockets. Such exploitation of society was facilitated by the absence of a sound system of checks and balances from the State, donor-organisations, and the oppressed societal groups. Thus under the slogan of assuming their social responsibility those politico-economic entrepreneur actually create a business out of their social responsibility pretence.