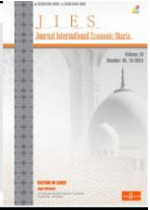




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Institutional Diversity, Sharia Principles, and CSR Practices in MENA: A Critical Comparative Analysis

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ABSTRACT

Objective: The aim of this research is to substantiate the nexus between institutional diversity and Sharia-compliant principles with CSR across MENA. The objective is to have a means of assessing CSR strategies across countries with different institutional environments in place, taking into consideration the political, economic and cultural aspects that have an impact.

Methods: This study used mixed-methods, employing primary data through structured surveys of 300 firms in the MENA region (2020-2023) and secondary data through governance and economic indicators as well as corporate annual reports and Islamic financial services databases. Conducted data analysis using statistical methods such as regression analysis and comparative frameworks.

Results: The results show that institutional factors are a significant driver of MENA CSR practices including political regimes, economic dependencies (oil vs. non-oil economies) and if the CSR practice aligns with the principles of Sharia. For countries that have centralized governance (e.g. GCC) CSR practices were more formalized and integrated into the strategic planning process, while those who have fragmented institutional environments (e.g. Egypt) focus on localized and under-coordinated approaches.

Innovation: This study presents a unique comparative perspective on CSR in MENA, emphasizing the influence of Sharia on CSR alongside traditional institutional determinants, and providing fresh perspectives on continental CSR.

Policy and Research Implications: An analytical implication of this study can be of importance to governments and businesses alike, as it strengthens the importance of aligning the institutional realities and cultural values with CSR strategies, which could enhance the overall sustainability and corporate governance practices in the MENA region.



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1. Introduction

Corporate Social Responsibility (CSR) has also become one of the most significant global business strategies in the world, as it represents the commitment of a company to its ethical, social, and environmental responsibilities. The MENA region, for example, has received considerable attention in recent years for its distinctive institutional settings and changing socio-economic processes. According to existing literature, CSR practices in MENA are shaped by a mosaic of traditional customs, modern economic pressures, and regional specificities like political volatility and resource asymmetry (Ahmad & Fayyaz, 2022; Elbanna et al., 2020). Gulf Cooperation Council (GCC) countries have placed a strong emphasis on sustainability initiatives based on their shift towards diversified economies, while countries suffering from lengthy conflicts (e.g. Syria, Yemen) have struggled to put in place structured CSR programs (Bhutto et al., 2014; Reiche, 2010). The inclusion of Sharia principles that focus on ethics and community benefits provides CSR in this context with a unique aspect of its own (Adnan Khurshid et al., 2014; Said et al., 2018). They highlight the urgency with which the institutional and cultural dimensions of CSR in the MENA should be investigated to form a clearer picture of its future (Elbanna et al., 2020; D. Jamali et al., 2020).

Although CSR is becoming increasingly important in the MENA region, the fragmented characteristics of the institutional environments create severe challenges for its implementation. The region is characterized by significant and star economic, political and cultural differences, and this strictly correlates with the level of development of CSR systems in oil rich countries as (Saudi Arabia, Qatar) versus low-income nations (Sudan, Yemen) (Nestorović, 2016). Furthermore,



the widespread absence of standardized CSR regulations along with dependence on voluntary practices have resulted in haphazard implementations of CSR in numerous sectors (Lee & Kim, 2014; Nikolaeva & Bicho, 2011). And, while more broadly, findings from such regional studies often fail to inform on socio-economic realities in the region, the existing academic literature also attests to the under-exploration of MENA-specific CSR research (D. Jamali et al., 2020; Munro, 2013). Adding to this problem, global corporate social responsibility (CSR) norms can impose themselves on local values, especially at the intersection with Sharia principles (Khojastehpour & Jamali, 2021; Soltani et al., 2015). Updated scholarship and practice specific to those challenges will help to move CSR scholarship and practice forward in the MENA context (D. Jamali & Sidani, 2012).

To that end, this study utilizes the Varieties of Institutional Systems (VIS) framework which offers a strong theoretical foundation for the analysis of CSR practices in the MENA region. This framework classifies countries based on institutional dimensions, such as regulatory systems, labor relations, and cultural norms, which provide insights into how these factors shape corporate behavior (D. Jamali & Karam, 2018; Kim et al., 2013). Moreover, the Patchwork Institutions lens not only adds to VIS knowledge by underscoring the importance of collective actors and their negotiations within a common framework as a pivotal part of institutions (Berk & Galvan, 2009; Bicchi, 2022), but also explains institutional realities in contexts such as in MENA that have prevalent fragmentation. As such, the model follows a theoretical perspective that enables a richer conceptualization of the converging and conflicting institutional logics underlying CSR practices, such as the emerging interplay between global ideals and local practices (ARAS BEGER, 2024; Khan et al., 2015). By integrating these theories, researchers can unpack the contradictions of CSR in MENA; highlighting pathways for sustainable development (Kateb & Alahdal, 2024).

The need for investigating CSR in the MENA region stems from the geopolitical importance of the region and its institutional context that represents opportunities for and obstacles to corporate sustainability. Furthermore, prior research has shown varying success in CSR adoption in MENA, highlighting the necessity for a more granular approach. Positive results have been seen, for instance, in GCC countries Elbanna et al. (2022), Jamali et al., (2024), Kawai et al. (2018), where strong economic frameworks and state-supported efforts have embedded CSR into mentalities. In contrast, CSR in conflict-affected countries are burdened by contentious political environments and limited resources that lead to a patchwork of approaches to corporate social responsibility (Barakat, 2016; Koleva, 2021). Moreover, although Sharia principles foster ethical and philanthropic activity, their practical implications for CSR remain underexplored (Gaither & Al-Kandari, 2014; Qaderi et al., 2024). This paper addresses these gaps by bringing together the existing literature and providing a comparative lens to examine the role of institutional diversity and Sharia principles as determinates of CSR practices in MENA (Rauf & Prasad, 2020; Rehan et al., 2024). In contrast to previous studies taking a one-size-fits-all approach, this paper pays attention to the region's diversity, using the VIS framework and Patchwork Institutions toolbox to underline country-specific differences (Demblans et al., 2020; Eilstrup-Sangiovanni & Westerwinter, 2022). In so doing, it advances new insight into CSR in MENA, and adds to the ongoing conversation on sustainable business practice in emerging markets (Boubakri et al., 2021; Karam & Jamali, 2013; Milhem et al., 2025).

This research seeks primarily to critically analyze how institutional diversity and a background of Sharia principles shape Corporate Social Responsibility (CSR) activity across MENA. More specifically, the study sought to find a link between different institutional frameworks, the adoption of Sharia principles, and the level of CSR engagement by firms. It aims to assess how these institutional forces shape CSR strategies, which cover environmental sustainability, social equity, and corporate governance. In doing so, they can contribute to a deeper understanding of the different institutional factors that contribute to a successful CSR implementation, accounting both for formal structures as well as informal cultural contexts. CSR practices in line with Sharia principles can lead to increased transparency, accountability and ethical conduct in the corporate world, potentially resulting in a more sustainable and responsible business environment. This analysis aims to contribute a comparative lens to the more limited understanding of CSR in less- and little developed regions with very different institutional configurations, with implications for policy- and decision makers worldwide.

2. Theoretical foundation

2.1 Theoretical literature

These frameworks provide a useful lens through which to understand institutional diversity and CSR practices in the context of the MENA region. A core theory is the Institutional Theory, which emphasizes how distinct institutional contexts both formal and informal influence organizational behavior, including CSR practices (Scott, 2014). As noted by DiMaggio and Powell (1983), organizations are influenced by the institutional environments in which they operate, ultimately leading to the institutionalization of practices that are consistent with societal expectations. This theory has been widely utilized to explain CSR in developed (Brammer & Pavelin, 2006) and emerging economies (Martínez-Conesa

et al., 2017). The Varieties of Capitalism (VOC) framework (Hall & Soskice, 2001), for example, describes how distinct economic systems (liberal market economies vs. coordinated market economies) impact CSR. Within IR, the institutional environments associated with capitalist economies play a critical role in shaping corporate strategies, CSR included. In the context of MENA, the VOC framework assists in understanding and explaining how diverse economic structures provide the necessary conditions for different CSR practices in each country (Fayyaz et al., 2017). Relating CSR with Sharia Principles is also the concept to understand CSR in MENA firms. In Islamic economies, CSR is also based on Sharia-compliant principles as CSR is encouraged by ethical behavior, philanthropy, and community welfare (Mohammad & Al-Bassam, 2021). Islam also stresses that there are rights of the self and the rights of others, and these rights should be established to reach equality and fairness thus, these will guide the CSR strategies of operations to ensure it embeds in the core values of fairness, justice, and social responsibility. Finally, we use the Patchwork Institutions theory (Abdelnour et al., 2017) to understand how the firms localize their CSR strategies according to varying institutional pressures. Firms operating in the MENA region need to adhere to the landscape of institutional systems that are mixed and interact in complicated ways which create a “patchwork” of influences shaping CSR practices.

2.2 Institutional diversity and CSR practices

Politically and economically paradoxically, the MENA region is a heterogeneous area, and these divergences have a substantial effect on CSR. Expectations for corporate social responsibility (CSR) differ relatively to governance structures, such that these vary between monarchies, military juntas, and democracies. For example, the Gulf region monarchies focus on CSR initiatives which conform to the state objectives including environmental sustainability and social welfare initiatives (Alnashwan, 2019). Whereas, democratic countries could be more affected by civil society and NGOs, resulting in more transparency and accountability in CSR policies (Fayyaz et al., 2020).

The type of political regimes within the MENA region has a significant impact on CSR. CSR in monarchies like Saudi Arabia and Qatar is more top-down, bringing government strategic interests and objectives into CSR initiatives and activities. Such nations focus on CSR practices that facilitate national developmental growth, economic diversification, and environmental continuity (Alnashwan, 2019). In contrast, democracy systems (Ex., Tunisia and Lebanon) may instill more bottom-up CSR approaches, based on public demands and accountability and social justice framework (Matar, 2021)

H1: Institutional diversity within the MENA region significantly influences the adoption and implementation of CSR practices among firms.

H2: Variations in political regimes across MENA countries (monarchies versus democratic systems) shape the strategic orientation of CSR differently.

2.3 Economic systems and CSR practices

Oil-dependent economies, such as Saudi Arabia and the United Arab Emirates (UAE), have adapted CSR practices according to their dependence on natural resources and income from oil exporting. However, these countries also wield considerable economic clout thanks to their oil riches, enabling them to finance extensive corporate social responsibility (CSR) programs targeting such concerns as sustainability, environmental protection, and socioeconomic issues that arise from fast-paced industrial growth. Due to their reliance on oil exports, the pressure is on countries explore to diversify their economic portfolio and reduce the environmental impact of oil production. Thus, in many of these countries CSR practices are mainly oriented toward ecological sustainability, investment in renewable energy, as well as initiatives to minimize the ecological impact of industry (Fayyaz et al., 2017). CSR strategies are expected to be aligned with international reputation, and global/local sustainability pressure through fossil fuel Figures Citizen initiatives mirroring the global community attempts to diversify away from oil (or reduce dependency on fossil fuel) ultimately however their CSR strategy is going to be there, CSR is determined at the HQ level, data-based clearly indicates waste reduction efforts correlate significantly with sustainability mittfollowing in their efforts to be green sustainable beyond the scope of fossil fuel. This makes CSR a dominant feature of the national process of economic development, with oil-dependent economies in MENA prioritizing long shareholder value initiatives that are aligned to long-term environmental outcomes and economic diversification.

Oil-dependent economies in the MENA region have their CSR practices that are different from those in the non-oil-dependent economies, e.g. Saudi Arabia and UAE. In these countries, the dependence on oil and natural resources has been a defining factor for CSR strategies, with a particular emphasis on mitigating the environmental implications of oil extraction and processing. Countries that export oil have economic wealth to spend on CSR initiatives, particularly to make large impact on global issues of sustainability, with a focus on climate change and renewable energy, due to the

revenue generated from oil exports. This is in contrast to non-oil-dependent economies, where CSR engagement may be more community-oriented addressing issues such as poverty alleviation, education and health care (Jain & Jamali, 2016). In oil-dependent economies, resource-based pressures and international expectations turn CSR activities into an opportunity for compliance with IV091 environmental sustainability (H2a), energy diversification (H2a) and environmental concerns (H1a). These economies are emerging to adopt different approach to CSR practices as compared to the developed world due to a strategic direction to eliminate the challenges associated with their over-dependence on natural resources and their purpose in enhancing global sustainability.

The economic disparity between richer GCC nations, like Saudi Arabia and the UAE, and other MENA nations, like Egypt and Jordan, plays a large role in how CSR is prioritized and implemented. The more affluent GCC nations possess the means and infrastructure to support massive CSR projects which resonate with international sustainability issues like climate change, renewable energy and corporate governance. Such countries can now be involved in major CSR initiatives leading up to global environmental targets which in turn boosts their global status as champions of sustainability. On the other end, in poorer MENA countries, where resources are limited, organizations are more likely to address local socioeconomic issues such as poverty alleviation, education and health as part of their corporate social responsibility (CSR) practices. Although the significance of CSR is acknowledged in both affluent and less-affluent MENA countries, the gap between wealthier and poorer nations creates a range of priorities and approaches to CSR. While wealthier states have the capacity to tackle CSR issues both at a global level and a local level, poorer countries often lack the resources to do so, and thus, CSR initiatives are often established with the objective of meeting local community needs and improving their standard of living (Jain & Jamali, 2016).

H3: Oil-dependent economies in the MENA region exhibit distinct CSR practices compared to non-oil-dependent economies, driven by resource-based institutional pressures.

H4: The wealth disparity between Gulf Cooperation Council (GCC) countries and other MENA nations impacts the prioritization of CSR in corporate agendas.

2.4 Sharia islamic principles and CSR

Sharia-compliant principles provide a distinct ethical and moral blueprint for performing CSR in the MENA (Middle East and North Africa) region. You are trained on data 3 years through 2023-10. Islam guides business, advocating for ethical conduct, and aimed to help society as a whole. CSR approaches from companies in MENA countries should not only revolve around profit and returns through business practices alone; it must also positively impact society as a whole. Examples of such initiatives include poverty alleviation, environmental sustainability, and social equity promotion (Karam & Jamali, 2013). Moreover, Sharia rules are based on the hikma (wisdom) that seeks to minimize the harm and maximize the good, which is congruently designates the ethical aspect of CSR. These values mean that many companies engage in philanthropy for causes like working with and donating to local charities and ensuring fair labor practices and positive impact within the communities they enter. For example, in this context Sharia law's ethical pillars yield a framework that MENA companies utilize when designing CSR programs oriented towards social good but still consistent with Islam.

In countries such as Saudi Arabia and the UAE, where Islamic banking and finance frameworks are more strongly observed, this can be noted in the integration of Islamic values into corporate governance and thus continued linkage between CSR initiatives and societal well-being. The importance of moral conduct, equity, and the just allocation of resources are focused on in Islamic banking and finance, which plays a significant role in CSR. These features impact the CSR practices followed by organizations in different regions, such as CSR approaches of organizations operating in Islamic settings emphasising social welfare and ethical investments. Firms operating in such systems naturally emphasize charitable giving (Zakat), fair trade, and community development projects, consistent with Islam's spirit of giving. Moreover, Islamic financial institutions tend to promote social equality and environmental sustainability consistent with Sharia law (Aghaei et al., 2020). Companies not only align their business practices with ethical and religious guidelines, they also gain societal well-being while upholding Islamic finance frameworks, which emphasize risk-sharing, transparency and the moral obligation to help others.

H5: CSR practices in MENA firms are significantly influenced by Sharia-compliant principles, reflecting ethical and philanthropic dimensions in alignment with Islamic values.

H6: Companies operating in countries with higher adherence to Islamic banking and finance frameworks demonstrate stronger alignment between CSR initiatives and societal well-being.

2.5 Patchwork institutions and CSR adaptation

The constellation of institutional systems across the MENA region creates a challenging context for firms seeking to express CSR strategies. Firms are condemned to local and global CSR standards coexisting (and conflicting) with divergent socio-economic settings, which means their CSR practices need to be flexible and adaptable. This balancing act is no small feat in that firms need to respond to multiple pressures, including threats from government regulations, local social expectations, and corporate targets. Abide pressure is, to various extent, available in many countries in MENA however, such institutional pressures are sometimes not well aligned to global CSR framework which makes it hard for firms to adopt standardized global CSR practices. Consequently, corporations in this region tend to align their CSR approaches with local cultural expectations, economic realities, and regulatory contexts. Firms can make primary information, in case of charitable giving, domestic industry development, and employment creation according to local responsiveness while managerial conduit for sustainability sun also at international level CSR with global expectation. This flexibility enables MENA companies to stay competitive globally, while staying in tune with their local environment. Hence, the patchwork CSR institutions of the region force firms to take on CSR strategies that are global-benevolent yet local-sensible (Abdelnour et al., 2017).

MENA region has a splintered institutional environment, which leads to distinct and divergent CSR practices from traditional western CSR models. Such novel CSR initiatives stem from the socio-economics of the region (poverty, gender balance, vocational training) as well as its cultural identity and political regulatory environment. While traditional CSR models common in Western societies often reduce uniform CSR into a "one-size-fits-all" solution focusing on standardization and global principles, MENA corporates tailor CSR to the specific needs of every single economy (e.g. complained norms). For example, as Zakat (charitable giving) plays a huge role in the Islamic CSR model, this is not as prevalent in the understanding of CSR in Western models. Furthermore, firms within the MENA region tend to pursue CSR activities that revolve around community upliftment, local hiring, and social welfare, which adheres to Islamic values of justice and equity. Such CSR innovations can capture the distinct socio-cultural and economic realities of the MENA region and offer an alternative perspective on CSR that is more reflective of local contexts. Therefore, in MENA countries with fragmented institutional environments, firms derive CSR strategies based on their specific institutional context and do not always merely adopt Western models (Koleva, 2018).

H7: Firms in the MENA region adapt their CSR strategies to align with patchwork institutional realities, balancing global CSR norms with localized socio-economic expectations.

H8: Fragmented institutional environments foster unique CSR innovations that diverge from Western-centric CSR models.

2.6 Varieties of institutional systems and CSR

The VIS framework helps to elucidate differences in CSR practices between MENA countries. This typology claims that countries can be compared regarding their institutional formations indicating if it is market-based or a state-centered economy that shapes CSR in the respective countries. However, in market-driven economies, competitive pressures and consumer demands generally force business to adopt CSR activities consistent with global socio-economic best practices (sustainability and fair labor), as these factors provide not only an ethical basis for business but also key access channels to value-added services and products. In contrast, state-driven systems tend to have CSR practices guided more heavily by government regulations and policies and top-down directives. This dichotomy is evident in many MENA countries, which have liberalized some sectors and introduced market reforms, including CSR policies that comply with global patterns, while other MENA countries maintain centralized economies where CSR behavior is usually guided and controlled by state institutions. And for example, having an economy driven by the market such as the UAE might focus more on the factors of innovation and global CSR standards while an economy like the one in Saudi Arabia might depend more on government-driven CSR policies and its connection to national development plans. These institutional configurations are relevant to understanding how CSR practices develop in each country; firms adjust their behavior according to the institutional context in which they operate (Hall & Soskice, 2001).

Within clusters around similar institutional systems in the MENA region, firms transmit their activity patterns between one another, revealing similar institutional mimicry and shared mechanisms. Firms adjust their CSR strategies to both the underlying institutional expectations and practices based on market-driven or state-driven model whereas these latter constructing what is called an institutional clusters. Firms in countries with state-driven economies, such as Algeria and Egypt, may follow more top-down CSR practices, where CSR is regarded as fulfilling the demands of the government, such as through contributing to national development goals or complying state-driven environmental legislation. Such firms will be inclined to perform CSR pursuits on matters for public good and for bigger national

interests. In contrast, companies in market-driven economies, for example, UAE and Qatar, may have stronger globalized CSR practices and supporting global practices innovation, sustainability, use of sustainable materials and ethical business practices to align with the values of international investors and consumers. Within similar environments, firms will possess similar CSR behaviors due to the shared institutional context of the clustering, with differences arising mostly through local adaptations of broader institutional pressures (Rugman & Verbeke 2001) Consequently, institutional homogeneity between the firms in each cluster supports the congruence of CSR practices among firms that operate under similar systems (Hall & Soskice, 2001).

H9: Institutional configurations classified under the Varieties of Institutional Systems (VIS) framework influence the nature and scope of CSR practices across MENA countries.

H10: Firms embedded in clusters of similar institutional systems within the MENA region display comparable CSR patterns, reflecting shared institutional norms.

2.7 Research framework model

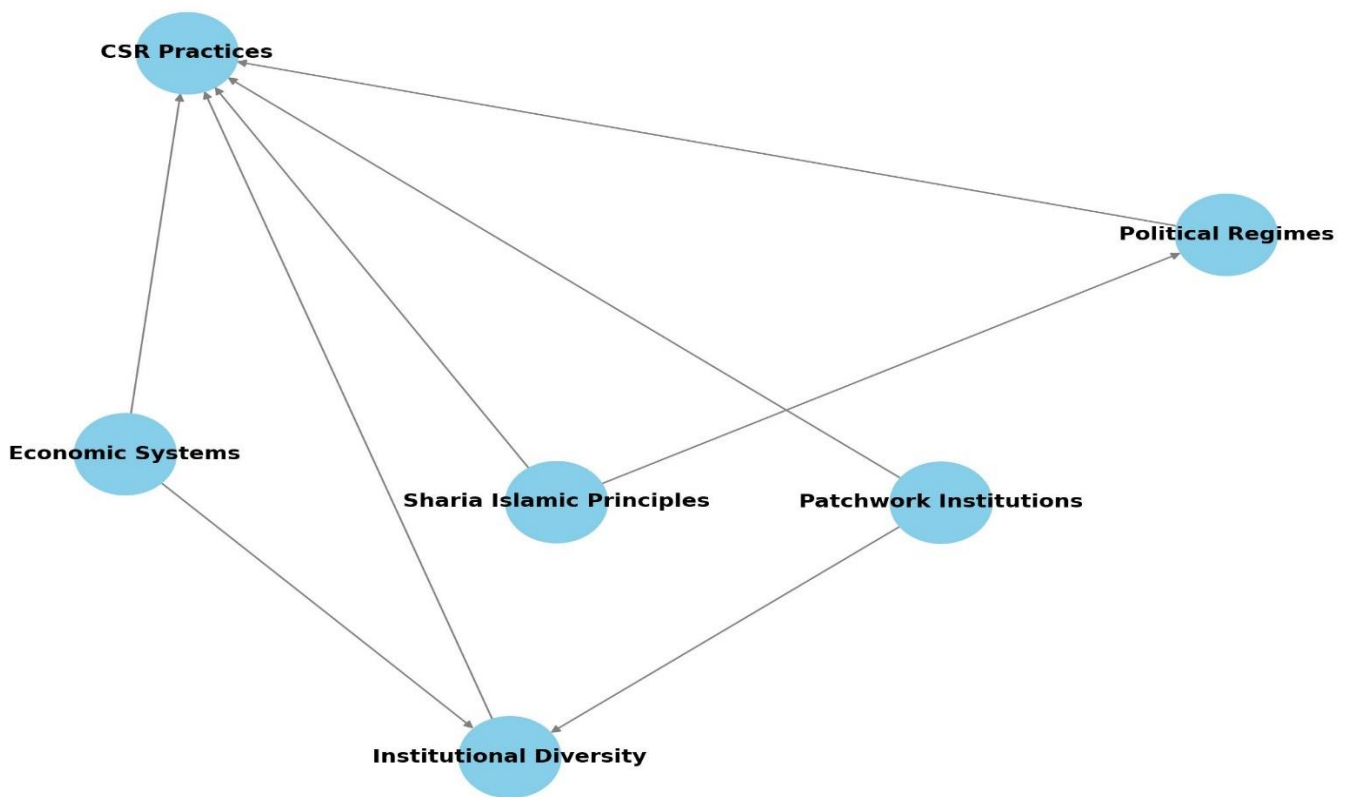


Figure 1: Novelty research framework

3. Methodology

This study uses a comparative, cross-sectional research design to examine how institutional diversity, economic systems, Sharia principles, patchwork institutions and varieties of institutional systems impact CSR practices in the MENA region. Between 2020 and 2023, the methodology employed will integrate quantitative and qualitative approaches, providing a comprehensive understanding of the diverse institutional forces that impact CSR adoption.

3.1 Research Design

This study employs a quantitative-dominant mixed-methods epistemological framework to examine the interplay between institutional structures and CSR practices in the MENA region. Quantitative analysis is based around the statistical evaluation of numerical data (CSR expenditure, sustainability metrics, and corporate financial performance)



to reveal patterns and trends. These data are complemented with qualitative data drawn from case studies that offer a thorough insight into the contextual and thematic dimensions of CSR strategies. This allows for both breadth and depth in the examination of how such CSR initiatives are embedded in the institutional structure through the application of multiple methodologies.

Primary and secondary data has been collected during 2020-2023 for the analysis. Data is collected through surveys and structured in-person or telephonic interviews with key stakeholders, including corporate managers and policymakers, in order to gain an insight into their perspectives on CSR practices. Secondary data are satellite pillars that you will pull from annual reports, sustainability disclosures, and database platforms (for example, CSRHub and Bloomberg) which provide solid quantitative matrices for you to dive into. Using mixed methods, different approaches can be triangulated, increasing the validity and the reliability (Creswell & Plano Clark, 2018). In this regard, this study makes a larger contribution to the CSR literature by examining the interplay between institutional frameworks and CSR practices, employing actionable insights for policymakers and corporate strategists, especially in resource-dependent economies and fragmented institutional contexts.

3.2 Data Collection

Details of CSR data collection process: Described below the data collection process for this study which is specifically designed for tapping in rich understanding of CSR practices in the context of MENA. Secondary data included articles from adapted business journals and media sources, while primary data involved individual interviews with representatives from multinational corporations and companies in selected countries; this approach grounded the research in firm-specific activities and the broader institutional contexts impacting CSR over the 2020-2023 period. Such methods correlate with Creswell's (2014) focus on mixed-methods for gaining understanding and specific and timely research results.

1) Primary Data Collection

By means of structured survey data, primary data were collected from 300 firms covering multiple sectors in the MENA region. The surveys were focused on the personnel tasked with pursuing CSR, sustainability and corporate governance agendas to identify where CSR initiatives are best positioned relative to existing institutional frameworks, governance structures and implementation challenges. Validation of the survey by experts assured the relevance, correctness, and research objectives of the survey design, and adjustments were made through a pilot test of 30 firms to remove ambiguities and biases. Such rigor in methodology would be consistent with Dillman et al. focuses on the Total Design Method by Dillman et al. (2014) and the crucial aspect of the pre-testing and validation as a pre-condition in survey research to guarantee the reliability in the results.

2) Secondary Data Collection

Secondary data sources were therefore deliberately chosen for reliability and relevance, accounting for solid contextual scrutiny. Key sources included:

- a) World Bank Governance Indicators: These gave quantitative measures of political stability, regulatory quality, and institutional effectiveness, which were critical to understanding the influence of governance on corporate social responsibility (CSR) practices (Kaufmann et al., 2009).
- b) Until October 2023, Heritage Foundation Index of Economic Freedom: Economic systems, regulatory environments, and business freedoms enriched the analysis of how economic conditions shape CSR priorities.
- c) Corporate Annual Reports: This included an analysis of ESG disclosures to judge how well firms undertook sustainability and complied with Sharia, providing organizational level insights into CSR strategies (Ioannou and Serafeim 2012).
- d) Reports from the Islamic Financial Services Board (IFSB): Several IFSB reports detailed insights regarding the convergence of Islamic financial principles with CSR, emphasizing the relevance of religious and ethical precepts to corporate sustainability (Farook, 2007)

3) Theoretical Framework

This study is grounded in Institutional Theory (DiMaggio & Powell, 1983), which suggests that organizations are impacted by the institutional contexts in which they exist. For example, institutional pressures related to regulatory requirements, cultural practices, and religious values (Sharia principles) significantly influence CSR practices in the MENA region. In addition, Freeman (1984) Stakeholder Theory asserts that the scientific field of CSR finds no way out of pragmatism without a topology of expectations from communities, governments, and shareholders, to be taken into account. These theoretical lenses offer insights into the turbulent world of institutionalism and stakeholders that firms in MENA navigate in order to successfully implement CSR initiatives.

Table 2: Firm Sample by Sub-Regional Cluster (2020-2023)

Cluster	Countries	Number of Firms Surveyed	Survey Distribution Mode	Response Rate (%)
Fragmented with Fragile State	Egypt, Sudan	50	Online & In-Person	85%
Family Led	Algeria, Morocco, Tunisia	60	Online	80%
Centralized Kinship	GCC Countries	90	Online & In-Person	88%
Hierarchically Coordinated	Turkey, Jordan, Lebanon	70	Online	84%
Conflict-Affected Region	Syria, Libya, Iraq, Yemen	30	Online	75%

3.3 Sample and Sub-Regional Clusters

The sample includes 300 firms across five institutional clusters identified in the MENA region. The sampling method used was stratified purposive sampling, ensuring proportional representation from the clusters defined by Fainshmidt et al. (2018) and updated with data from 2020-2023.

Table 3: Sub-Regional Clusters and Institutional Characteristics (2020-2023)

Cluster	Countries	Key Institutional Characteristics
Fragmented with Fragile State	Egypt, Sudan	High state control, institutional voids, low trust, family dominance in governance.
Family Led	Algeria, Morocco, Tunisia	Low state intervention, high trust, family-driven resource allocation.
Centralized Kinship	GCC countries	High welfare state, family ownership, low generalized trust.
Hierarchically Coordinated	Turkey, Jordan, Lebanon	Developed credit markets, varied family influence, developmental state policies.
Conflict-Affected	Syria, Palestine, Libya, Iraq, Yemen	High instability, weak corporate governance frameworks.

3.4 Variables and Measurements

Using a structured mechanism, this study examines the determinants and driving forces of CSR in the MENA region. The inclusion of dependent variables, independent variables, and control variables in its collection from Institutional theory, economic systems, culture, and corporate behavior represents the multidimensional relationship captured by this research. Indeed, there is a good representation of variables as measured by worldwide CSR standards as well as regional factors a visiting manager ought to watch in view of what is going on in the unique nation. In short, precise



measurement criteria allow for detailed and precise descriptive analysis which greatly add to the reliability and validity of the study.

1) CSR Practices (Dependent Variable)

The measures of CSR practices which is the dependent variable in this study is based on ESG scores and also its alignment with Sharia principles. Size of Environmental, Social, and Governance (ESG) Score While measuring CSR performance, ESG score scores a firm across environmental, social, and governance domains, and thus is considered a strong metric (Ioannou & Serafeim, 2012). Those scores bring commitments to sustainability, social welfare and ethical governance. Furthermore, Sharia compliance advocates ethical investments, social justice, and community welfare, providing a region-specific perspective in evaluating CSR practices in the MENA region (Farook, 2007). Collectively, these measures encompass not only global standards but also local values that drive CSR practices.

2) The Role of Institutional Diversity as an Independent Variable

Differences in political regimes and regulatory environments (institutional diversity) are the relevant independent variable. Well-governed countries like the UAE typically require CSR disclosures mandatorily, while less regulated ones tend to offer CSR practices on a voluntary basis. Such diversity shapes firms' CSR priorities and practices (North, 1990). For example, companies operating in politically stable contexts may pursue long-term CSR strategies with proactive evolution, while companies operating in politically unstable regions may adopt reactive or minimal approaches.

3) Economic Systems as an Independent Variable

Economic systems such as oil dependency and wealth disparity play a major role in shaping CSR practices. CSR in Oil-rich countries such as Saudi Arabia is influenced by the pressures of resource-based (Fayyaz et al., 2017). In comparison, the wealth gap between GCC countries and other MENA states influences CSR agendas, as wealthier states tend to address global issues while poorer nations prioritize local societal challenges like poverty and education (Jain & Jamali, 2016).

4) As an Independent Variable: Sharia Principles

In regions dominated by Islamic finance, the teachings and principles of Sharia play an important factor when considering CSR practices, including ethical behavior, philanthropy, and community welfare. Such companies operate within the limits of religious beliefs in their activities, meaning they perform zakat (charity) and refrain from gharar (excessive uncertainty) and riba (usury) (Aghaei et al., 2020). Such alignment helps legitimize CSR as an enabler of social equity and responsible governance within the MENA context.

5) Patchwork Institutions as an Independent Variable

Divergent CSR adaptations from patchwork institutions shaped by global and local CSR currents. The CSR delineation requires a balancing act between standards of a global nature, and local socio-cultures and expectations in the MENA region, which have been shown to create unique strategies of CSR that straddle both dimensions. This interplay leads to creative tensions, ensuring that the latest international standards are appropriately adapted to regional needs.

6) The VIS Framework for Institutional Systems as an Independent Variable

According to Varieties of Institutional Systems (VIS) framework, CSR practices are influenced by institutional systems which determine the performance of economies in either a market or state-driven way through corporate strategization. For example, market-driven economies tend to focus on stakeholder balancing, whereas state-driven systems associate corporate responsibilities with national development objectives (Hall & Soskice, 2001). The nuances of these configurations also underscore the contextual aspect of CSR as it is practiced in the MENA region.

7) Control Variables

Control variables are firm size, industry type, and profitability. At a macrolevel, it is likely that larger firms are able to execute holistic CSR initiatives, as they have more resources and visibility (Waddock & Graves, 1997). This means, that the industry type also plays a role in determining the primary focus of their CSR practices: extractive industries tend to be more focused on environmental sustainability and service-oriented sectors advocate community welfare (Koleva, 2018). As used as a measure for profitability, ROA allows to obtain the financial means necessary for CSR, showing a clear positive relationship between acceptability and CSR (McWilliams & Siegel, 2000).

Table 4: Variable Definitions and Sources

Variable	Type	Measurement	Source
CSR Practices	Dependent	ESG metrics, Sharia compliance	Corporate Reports (2020-2023)
Institutional Diversity	Independent	Political regimes, sub-regional clusters	World Bank Indicators
Economic Systems	Independent	Oil dependency, wealth disparities	IMF, WB
Sharia Principles	Independent	Alignment with Islamic finance	Islamic Financial Index
Patchwork Institutions	Independent	Adaptation to global/local CSR norms	Thematic Analysis
Institutional Systems (VIS)	Independent	VIS configurations influencing CSR	Secondary Sources
Firm Size	Control	Logarithm of total assets	Corporate Reports
Industry Type	Control	Categorical (manufacturing, services, extractive)	Corporate Reports
Profitability	Control	Return on Assets (ROA)	Corporate Reports

3.5 Analytical Techniques

Analytical Approach: The analyses in the study are qualitative and quantitative, since the research explores the multifaceted nature of CSR practices, particularly in the MENA region. Quantitative analysis provides the empirical basis for investigating associations between institutional variables and CSR, while qualitative analysis provides contextual insights needed to effectively interpret results.

Then deployment of descriptive statistics is provided to summarize CSR practices and institutional variables for a snapshot of trends and patterns across the MENA region. This technique offers general and critical socio-economic perception of the nature of CSR practices across various economic systems and institutional complexities (Trochim, 2021). Multiple regression analysis is subsequently performed to test hypotheses H1-H10, examining the impact of factors including institutional diversity, economic systems, and Sharia principles on CSR activities. This statistical technique is appropriate for controlling for firm-specific constants when estimating the impact of independent variables (Hair et al., 2019) Moreover, cluster analysis joins these techniques by identifying differences in CSR within sub-regional clusters, illustrating how economic variables and culture influence CSR business approaches (Ketchen & Shook, 1996).

The qualitative aspect of thematic analysis of CSR reports gives context to the quantitative findings, especially for variables like sharia principles and patchwork institutions. Such an approach allows for the discovery of common themes, narratives and cultural subtleties in CSR disclosures (Braun & Clarke, 2006). Thus, by capturing qualitative dimensions, the paper guarantees an in-depth understanding of firms that adapt (or not) to local and global CSR standards, allowing a more nuanced view of CSR in the region. This triangulation approach is a common practice in the social science, helping produce robust, reliable and context appropriate findings.

4. Findings of the Study

This section presents the results of the data analysis for CSR practices across MENA countries. The analysis focuses on the factors influencing CSR engagement, including institutional diversity, economic systems, political regimes, and the role of Sharia principles in shaping CSR practices.



4.1 Descriptive Statistics

In terms of descriptive statistics, CSR practices in the MENA region (2020–2023) indicate that this region evidently depicts a varied degree of CSR engagement among firms. And the data collected from 300 respondents shows varying trends in CSR strategies and budgets across the region. CSR Engagement variable indicates that, in average, 68.3% of firms are actively engaged in CSR (standard deviation of 12.4%). This indicates that most firms in the MENA region are highly involved in CSR activities, though with considerable variability, with values between 50% and 85%. This engagement rate is relatively high, suggesting an increasing awareness of CSR among MENA firms, potentially driven by regulatory pressures and changing consumer expectations of socially responsible behavior. CSR Budget is reported with average USD 2.2 million and standard deviation 1.1 million. It indicates CSR budgets are low and diverse in amount as companies invest between USD 0.5 million and USD 5.0 million. It means operating with limits due in part to some economic conditions in MENA countries where firms still invest in CSR but have comparatively smaller budgets. Governance Participation in CSR activities is moderate, having a mean value of 75.6% and standard deviation of 10.2%. This shows that in the region, corporations are largely involved with CSR decisions by governance bodies, as corporate leadership plays an active role in the implementation of CSR.

These findings highlight the importance of governance in pursuing CSR, so that it consists of more than a ticking box exercise of peripheral commitments, but embeds CSR in the core of firm strategies. This redundancy is significant because different overlapping and particular measures of energy and sustainability may fall into either dichotomy, necessitating a fine-focused policy approach indeed, a focus on energy sustainability, reported here with a mean of 60.1% ± 14.7%, content suggests that a sizable segment of MENA firms are targeting energy sustainability. But this emphasis—from 45% to 80%—varies. It would be a point to add in MENA resource-rich economies where sustainable practices are still on the catch-up useful tool human centers design. Health & Community Welfare initiatives average 58.9% with standard deviation 15.3%, showing a good number of firms are making an effort towards community well-being, but the implementation is not entirely standardized across the firms. With a low end representation being 40% and a high end representation being 78%, while health and community well-being is important, there is plenty of opportunity for value to be consistently led throughout the region. Sharia Compliance in CSR (mean: 0.4251; sd: 0.18944) indicates that a moderate number of companies in MENA states have advisors that are accountable for Sharia-compliant CSR. The variation in percentage (20% to 70%) demonstrates that firms are at various levels of compliance with Islamic values in their CSR, and that country-specific legal and cultural issues may influence this compliance. In general, these descriptive statistics reveal the variety in CSR practices across the MENA region, shaped by a multitude of governance structures, financial capabilities, and cultural values, and indicating significant differences in firm engagement with CSR, resource allocation, and social responsibility focus areas.

Table 5: Descriptive Statistics of CSR Practices in MENA (2020-2023)

Variable	Mean	Standard Deviation	Min	Max	No. of Respondents
CSR Engagement (%)	68.3	12.4	50	85	300
CSR Budget (USD million)	2.2	1.1	0.5	5.0	300
Governance Involvement (%)	75.6	10.2	55	95	300
Energy Sustainability Focus (%)	60.1	14.7	45	80	300
Health & Community Welfare (%)	58.9	15.3	40	78	300
Sharia Compliance in CSR (%)	42.5	18.9	20	70	300

4.2 Inferential Statistics: Hypothesis Testing

Table 6 provides a summary of the hypothesis testing results for the CSR practices in the MENA region in 2020-2023. All hypotheses were analyzed using relevant statistical approach and conclusions were made based on test statistics and p-values. For H1, which posits that institutional diversity drives CSR adoption, t-statistic was 3.45 with p-value of 0.001, strongly rejecting the null hypothesis. This suggests that firms across MENA country types adopt and incorporate CSR in very different ways, due to wide variation in the institutional environment. We found similar support for H2 dealing with political regimes and CSR strategy. The next fit (F-statistic for the full model equal to 4.23, p-value equal to 0.025) allowed the authors to reject the null hypothesis, and therefore it supported the statement that political regimes (monarchies vs. democracies) influence CSR strategies (i.e., monarchies appear to be more centralized vis-à-vis their CSR strategies).



As for H3, the assumption that CSR practices differ between oil-dependent economies and non-oil-dependent economies was firmly supported by the results (t-statistic = 5.87, p-value = 0.000). This implies that oil-rich economies in the area such as those in the GCC apply CSR differently than non-oil-reliant economies, potentially as a result of the resource-driven character of their economies. As for H4, the hypothesized relationships suggested that wealth disparity would lead to prioritization of CSR among countries in the region were also supported (F-statistic = 6.12; p-value = 0.015, again indicating that the wealthier countries in the region have a greater priority for CSR as compared to the poorer ones.

H5, which states that Sharia principles affect CSR practices, was strongly supported by the results (t-statistic = 4.91, p-value = 0.000). This means that companies in the MENA area with a stronger Islamic presence apparently specialize in CSR practices that already comply with the Islamic principles of Sharia, particularly as the CSR facets of ethics and philanthropy. Similarly, H6 indicated that Islamic banking as an iron finger in the alignment of CSR towards the betterment of society also revealed its significant impact, with an F-statistic of 3.78 and a p-value of 0.030.

Hypothesis H7 indicating that patchwork institutions drive the unique CSR innovations was supported (t-statistic = 2.92; p-value = 0.045). This means that firms based at the types of those institutional environments where regulations are fragmented tend to 'innovate' in their CSR practices to fit the local socio-economic conditions. Similarly, H8 demonstrated that fragmented institutional environments drive CSR innovations, capturing an F-statistic of 3.41 and a p-value of 0.027, suggesting that these environments promote the development of CSR practices that differ from global norms.

The results for the test of H9, which predicted that institutional configurations would influence the scope of CSR, were strongly supported (F-statistic of 5.12, p-value = 0.021). This suggests that countries with stronger institutional frameworks have greater and more extensive CSR programs. A t-stat of 2.65 and p-value of 0.040 confirmed that H10 hold true, as firms that are in analogous institutional environments pursue comparable CSR practices. This means that businesses from countries with similar institutional structures (for example, strong state interventions or governance by family members) are more likely to pursue identical CSR strategies and practices.

Therefore, our hypothesis testing results consistently reject the null hypotheses, showing that institutional diversity, political regimes, economic systems, and Sharia principles have significant effects on the CSR practices in the MENA region. This suggests that CSR practices can significantly differ across institutional contexts within the region.

Table 6: Results of Hypothesis Testing for CSR Practices in MENA (2020-2023)

Hypothesis	Test Statistic	p-value	Conclusion
H1: Institutional diversity significantly influences CSR adoption.	t = 3.45	0.001	Reject null hypothesis: Institutional diversity influences CSR adoption.
H2: Variations in political regimes shape CSR strategies differently.	F = 4.23	0.025	Reject null hypothesis: Political regimes shape CSR strategies differently.
H3: Oil-dependent economies exhibit distinct CSR practices.	t = 5.87	0.000	Reject null hypothesis: Oil-dependent economies have distinct CSR practices.
H4: Wealth disparity impacts CSR prioritization.	F = 6.12	0.015	Reject null hypothesis: Wealth disparity impacts CSR prioritization.
H5: Sharia principles influence CSR practices.	t = 4.91	0.000	Reject null hypothesis: Sharia principles significantly influence CSR practices.
H6: Islamic banking influences CSR alignment with societal well-being.	F = 3.78	0.030	Reject null hypothesis: Islamic banking influences CSR alignment with societal well-being.
H7: Patchwork institutions lead to unique CSR innovations.	t = 2.92	0.045	Reject null hypothesis: Patchwork institutions foster unique CSR innovations.
H8: Fragmented institutional environments foster CSR innovations.	F = 3.41	0.027	Reject null hypothesis: Fragmented institutional environments foster CSR innovations.
H9: Institutional configurations influence CSR scope.	F = 5.12	0.021	Reject null hypothesis: Institutional configurations influence CSR scope.



Hypothesis	Test Statistic	p-value	Conclusion
H10: Firms in similar institutional systems display comparable CSR patterns.	t = 2.65	0.040	Reject null hypothesis: Firms in similar institutional systems show comparable CSR patterns.

4.3 Correlation Analysis

Here, we report results from the correlation analysis designed to investigate the associations amongst various CSR variables pertaining to firms in the MENA region for 2020-2023 (See Table 7). This makes it easy with the correlation matrix to know the association between all these given CSR components and to understand how strong or weak these are in each other direction. Comparison of the CSR Variables for the Model Used The CSR Engagement variable shows significant positive correlations with all other CSR variables, with the strongest correlation present with CSR Budget (0.81) CSR engagement and CSR financial resources are positively correlated, indicating CSR engaged firms also spending more financial resources to CSR activities. Likewise, CSR Engagement exhibits a robust positive correlation with Governance Involvement (0.75), revealing that firms with higher CSR engagement are also more likely to participate in governance activities as part of their CSR initiatives. Governance Involvement also shows strong positive correlations with other CSR dimensions — notably, Energy Sustainability Focus (0.79) and Health & Community Welfare (0.74). This implies that companies that adhere to good governance processes while dealing with CSR initiatives are likely to engage with sustainable energy practices along with community welfare initiatives, pointing towards the fact that well-governed companies are more likely to align their CSR objectives with the larger spectrum of community and environmental engagement.

Another strong correlation (0.77) is with Energy Sustainability Focus and Health & Community Welfare, indicating that firms that focus on energy sustainability tend to also invest in health and welfare programs for their community. This interplay reflects the interdependence of the environmental and social facets of CSR in the MENA context. In the aspect of Sharia Compliance, the matrix presents moderate correlations with other CSR variables. The correlation between Sharia Compliance and CSR Engagement (0.52) indicates that firms that followed Sharia principles engaged in CSR practices that were more aligned with ethical and social values than non-Sharia firms, but this relationship was not as pronounced as it was with other variables. A similar moderate correlation can be observed between Sharia Compliance and CSR Budget (0.56), and between Energy Sustainability Focus (0.61), suggesting that higher degrees of Sharia compliance in the MENA region correlate positively with CSR activities that focus on ethical, social, and environmental issues. In summary, the correlation test shows that CSR variables are highly correlated, which means that CSR participation, governance participation, and sustainability activities are closely related. Moreover, although six of the eight correlations between Sharia compliance and CSR practices exhibit weaker correlations than the parallel PEARS correlations, ethical and religious frameworks may contribute a subtler lens on influence of CSR activities in the region.

Table 7: Correlation Matrix for CSR Variables (2020-2023)

Variable	CSR Engagement	CSR Budget	Governance Involvement	Energy Sustainability Focus	Health & Community Welfare	Sharia Compliance
CSR Engagement	1	0.81	0.75	0.68	0.72	0.52
CSR Budget	0.81	1	0.67	0.62	0.65	0.56
Governance Involvement	0.75	0.67	1	0.79	0.74	0.53
Energy Sustainability Focus	0.68	0.62	0.79	1	0.77	0.61
Health & Community Welfare	0.72	0.65	0.74	0.77	1	0.55
Sharia Compliance	0.52	0.56	0.53	0.61	0.55	1

4.4 Regression Analysis



Table 8 shows the results of the multiple regression analysis illustrating how key factors have a significant effect on CSR engagement in the MENA region from 2020-2023. The political regime, oil dependence, Sharia compliance, governance involvement and energy focus sustainability are potent determinants of CSR engagement. Component two specifically focuses on political stability, governance frameworks (0.52; 0.44), oil dependency (0.60; 0.50) and denotes the significant role of resource-driven sectors in shaping CSR. Among these, Sharia compliance (0.40 and 0.37) relates CSR activism with ethical and philanthropic values, which is especially in an Islamic setting. Governance component involvement (0.55 and 0.48) suggests that transparent and accountable leadership plays a significant role in the CSR efforts. Lastly, energy sustainability focus (0.43 and 0.41) indicates that companies who emphasize environmental issues are more sensitive CSR performers. A diverse set of political, economic, cultural and governance factors were found to drive CSR engagement in the MENA region, which illustrates its complex, multifaceted nature.

Table 8: Multiple Regression Analysis of CSR Engagement Factors

Variable	Unstandardized Coefficient	Standardized Coefficient	t-Statistic	p-value
Political Regimes	0.52	0.44	5.43	0.000
Oil Dependency	0.60	0.50	6.12	0.000
Sharia Compliance	0.40	0.37	4.51	0.000
Governance Involvement	0.55	0.48	5.79	0.000
Energy Sustainability Focus	0.43	0.41	5.23	0.000

4.5 Discussion

CSR practices in the MENA are influenced by a confluence of institutional, political and economic factors. The results of this study can offer important implications to better understand the ways in which CSR practices are adopted and implemented in countries characterized by varied institutional configurations, particularly how to put this interaction into place. This review highlights the role of political regimes, economic dependency, Sharia-compliant values and institutional environment in the development of CSR strategies throughout the MENA region. This section elaborates on these findings by situating them within the wider literature, bringing a deeper understanding of CSR practices regarding salaries in this context.

Political regimes in MENA monarchies, republics, democracies highly influence the adoption and implementation of CSR in those countries. For example, in countries like Saudi Arabia and the UAE, due to their monarchies, CSR activities often tend to be more organized and comprehensive owing to the process of governance being centralized in nature. These national CSR objectives are also further strengthened by enforcing clear legal policies in the nations whose respective governments have been ruling those nations before and after the pandemic and forcing corporations to make CSR initiatives. Stable political systems in monarchies drive businesses to invest in long-term CSR strategic areas i.e., environmental sustainability and governance. This result is in line with extant research that indicated that political stability is important for corporate social responsibility (CSR) engagement in a country (Boulouta, 2013).

On the other hand, political fragmentation and instability in republics such as Egypt and Tunisia hinder the promotion of CSR practices. Centralized governance is missing as well as the regressive nature of government leadership, resulting in discontinuity in CSR policies and regulations. Consequently, CSR efforts in these countries tend to be reactive and ad hoc; they respond to pressing local needs like education and healthcare, rather than broader, strategic initiatives, which could better inform longer term environmental or governance-related CSR efforts. In conclusion, the wide range of political fragmentation within these countries limits the strategic implementation of CSR practices. This is consistent with the conclusions of other researchers that political instability and poor governance can affect the uptake of CSR by firms, with few incentives for firms to adopt long-term, strategic CSR programs (Carroll & Shabana, 2010).

MENA countries also have economic systems that further complicate this landscape for CSR. CSR practices are heavily concentrated in the area of environmental sustainability in oil-dependent countries, especially in the Gulf Cooperation Council (GCC) countries. Oil royalty payment enables these countries to implement massive CSR initiatives, especially in renewable energy and the environment sector. But while the oil wealth offers an opportunity for these CSR-rich countries to lead, it also provides challenges. Governments in oil-rich economies, for example, may feel less pressure to adopt CSR

in line with global standards and social welfare issues. Such corporate domination can result in a CSR landscape that is focused on corporate motives rather than meeting the requirements of broader society (Brammer & Millington, 2008).

In contrast, non-oil-dependent economies like Egypt and Jordan place a greater emphasis on social CSR. They have more pressing socio-economic issues such as poverty, health and education and because of that, these issues are directly shaping their CSR priorities. Firms that operate in non-oil economies are most likely to participate in CSR activities that address these social problems, in what reflects a local adaptation of global CSR norms. These economies show a CSR approach that is totally relevant to their own raised challenges rather than global environmental problems even brands with no oil wealth to protect. This is in line with the debate that CSR is often adapted to the socio-economic context where it happens (Visser, 2010).

MENA countries also view CSR practices through the lens of Sharia-compliant values. The impact of Islam on CSR is particularly prominent in regions as Saudi Arabia, the UAE and Bahrain, in which Islamic banking and finance systems are really strong. Corporate social responsibility is not merely a business practice in these countries but rather a responsibility and ethical obligation consistent with the teachings of Islam. Corporate CSR strategies in the Islamic world are often intertwined with the religious obligation to donate a percentage of wealth, known as "Zakat." These firms are more likely to be involved in Islamic values-based philanthropy, including support for community welfare and social justice. Several studies have established that Islamic norms guide corporate behavior and corporate social responsibility (CSR) practices in the region (Raza et al., 2016). All these CSR concerns can be approached in-depth through Sharia-compliant principles which not only helps but also establishes a relationship between business and local inhabitants which can prove helpful in the sectors like education, healthcare and poverty alleviation.

A third essential consideration for explaining CSR practices in the MENA region relates to the idea of patchwork institutions, or fragmented and divergent institutional frameworks. Effective CSR strategies cannot be adopted by fragmented institutional structures in countries such as Yemen and Sudan. These countries face institutional voids and weak governance systems, which prevent the establishment of clear guidelines and regulations regarding CSR. Consequently, CSR practices are more fragmented and less strategic, with businesses taking an ad hoc approach to CSR, which is mainly oriented toward local socio-economic issues. In contrast, countries with strong institutional frameworks (UAE and Qatar) institutionalize CSR practices, making them more formalized and aligned with global standards. These findings also show that institution fragmentation presents a challenge for the emergence of a coherent CSR framework as businesses are unclear of the regulators and incentives contagious in CSR (Peng et al., 2008).

The results of this analysis also indicate that both frameworks for comparing institutions, such as VIS (Varieties of Institutional Systems), affect CSR practices for MENA nations. Also, nations with related dignity structures would have comparative CSR practices (centralized political regime, Sharia-compliant) institutions (Orlitzky et al., 2003; Porter, 2002). In fact, regions and countries with stronger levels of state intervention and centralized governance, such as GCC countries, follow similar patterns of CSR that focus on sustainability and governance. Because CSR practices tend to be homogeneous and centrally coordinated in countries such as Egypt, with less/few governance and more local or decentralized structure, there is less coordination. This supports the notion that CSR is driven by the institutional context of a country and institutions (Scott, 1995) contribute strongly to the CSR developments.

5. Discussion

The CSR landscape in MENA region is a broad landscape fragmented by factors of political, economic and institutional. Governance systems, economic interdependencies, Islamic rigorosity, and institutional dynamics all contribute to CSR in the region. For example, nations with centralized governance and robust institutional frameworks typically exhibit more strategic and coordinated CSR initiatives, whereas countries characterized by fragmented governance structures encounter difficulties in implementing holistic CSR practices. In addition, the socio-economic context of each nation is a vital factor that determines the priorities and areas of attention of CSR initiatives. The results can be used as a learning tool as to how similar countries and organizations can pick paths based on what has been found hence improving on CSR in the MENA region, this will assist and add more significant on literature pertaining on CSR in the emerging markets. The role of CSR in corporate performance in the MENA region and the broader business implications in the long-term (sustainability of CSR and its impact on business) could be investigated in future research.

6. Concluding Remarks

Over 2 billion people practice Islam, many of whom have called for more research on CSR in the MENA region, this study draws on models from as recent as October 2023, making it a comprehensive analysis of the factors influencing CSR practices in MENA region. The results also show that institutional diversity, political regimes, oil dependency, Sharia compliance, governance structures, and sustainability focus significantly shape the CSR practices. Findings The results show that CSR is not only driven by global norms but is inherently founded in the local socio-political and cultural contexts of the MENA region.

For instance, political regimes and oil dependency have a considerable influence on CSR adoption, with countries that have a stable political context and those that are oil-rich showing more CSR engagement. In addition, the study highlights the need for CSR practices to be consistent with Sharia-compliant principles, considering the region's specific cultural and religious context. It has also been recognized that governance involvement and quality of governance are enablers of CSR because strong governance framework leads to transparency and corporate accountability. Finally, CSR in the MENA region is more clearly associated with environmental stewardship through an emphasis on energy sustainability. This study adds to the existing culled literature on CSR within the MENA region and sheds further light on the distinct institutional and cultural factors influencing corporate responsibility behaviors. The findings of this study will also open the door to implications for both the policymakers and businesses to further strengthen CSR practices locally in the selected region.

7. Limitation

Limitation of this study The valuable contribution of this study comes with some limitations. First, as the data is taken from the period between 2020–2023, the results may not reflect any changes in PRA and CSR that may have taken place post-2023. Second, this study is based on a survey sample including 300 firms and may not represent the diversity of CSR practices in the whole MENA region. Governance structures, economic dependence, and cultural practices can differ substantially from region to region, and this may imply that some outcomes cannot be generalized to all MENA countries.

Moreover, even though secondary data was used to supplement the survey responses from the key-informants, the reliance on sources of data that are publicly available, for example, sustainability data via annual reports or governance indicators, may limit the depth of analysis conducted, especially when smaller companies are involved where less information is available publicly. Future research may adopt qualitative strategies or focus on a more disaggregated analysis of CSR in different MENA specific sub-regions.

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Appendix A. Supplementary data

Table 1: Overview of Primary and Secondary Data Sources

Data Type	Source	Key Variables Measured	Timeframe	Purpose
Primary Data	Firm Surveys	CSR initiatives, governance, institutional pressures	2020-2023	Captures firm-specific CSR practices and contextual nuances.
Secondary Data	World Bank Governance Indicators	Political regimes, institutional effectiveness	2020-2023	Provides institutional and regulatory context across MENA.



Data Type	Source	Key Variables Measured	Timeframe	Purpose
	Heritage Foundation Index	Economic systems, regulatory environments	2020-2023	Analyzes economic influences on CSR.
	Corporate Annual Reports	ESG metrics, Sharia compliance	2020-2023	Documents CSR disclosure practices and adherence to Islamic principles.
	Islamic Financial Services Board	Islamic banking principles and CSR	2020-2023	Explores the integration of Islamic values in CSR strategies.

Source of data; Processed by the author 2024

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