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The American University in Cairo

The School of Global Affairs and Public Policy

**Doing Well By Doing Good? The Case of Magrabi Foundation**

A Thesis submitted to the Public Policy and Administration Department

In partial fulfillment of the requirements for the degree of

Master of Public Administration

By

Mohammad Saeed Shalaby

Fall 2016

The American University in Cairo

School of Global Affairs and Public Policy

DOING WELL BY DOING GOOD? THE CASE OF MAGRABI FOUNDATION

A Thesis Submitted by

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To

The Department of Public Policy and Administration

Fall 16

In partial fulfillment of the requirements for the degree of

Master of Public Administration

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## **Abstract**

This study aims at empirically investigating the business case of corporate social responsibility for private hospitals. The study attempts to explore the possible monetary and non-monetary business benefits for the Magrabi Hospital, in the Community Outreach Program carried out by the Magrabi Foundation. In addition, the study further attempts to understand the role of these potential benefits, on the decision-making processes of the top executives in the private hospitals.

The study uses a mixed qualitative and quantitative approach through a three stages process for examining the qualitative and quantitative roles of CSR, as well as the evaluation of the strategic relevance of these evaluation components.

The study findings suggest the existence of a business case, in the relationship of Magrabi Hospital and Magrabi Foundation. This business case was demonstrated by providing evidence to a positive effect on the Hospital from the involvement in the Foundation activities on both quantitative and qualitative levels. However the study showed that there is limited integration of the relationship as a strategic option in Magrabi Hospital plans.

The study concludes by recommending a preliminary framework, for private hospitals that aim to engage in CSR initiatives and achieve a benefit the business, as well as future research on the subject.

## DEDICATIONS

I dedicate this effort to my little family, to my backbone and the love of my life, Hadeer; without you, I'm nonexistent, and to my boys, Adam and Zayd; whatever I do, I do it for the three of you.

I dedicate this to my parents, Eman and Saeed "And lower unto them the wing of submission and humility out of mercy, and say: My Lord! Bestow on them Your Mercy, for they have raised me up when I was little"; I'll spare no efforts to make you proud. I dedicate this to my parents, Sohair and Magdy "Parents give you a life, parents in law gives you their life." Thank you for everything, and for that I am eternally grateful. I dedicate this to my inspirational little brother, Abd Elrahman "He who is not courageous enough to take risks will accomplish nothing in life"; because of you, I'll always work harder. I dedicate this to my little brothers Yahia and Mahmoud, may Adam and Zayd become half the human beings you are. I dedicate this to Mohammad, "The greatest gift of life is friendship, and I have received it"; to all the memories and successes that were and will forever come.

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I sincerely thank Dr Aisha Saad, my professor in the "Corporate Social Responsibility and NGOs Partnerships" course. "But as for that which benefits the people, it remains on the earth" it was an eye-opening learning experience, and Dr Aisha will be always a human being that I look up to.

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## **List of Abbreviations**

CAPMAS	Central Agency for Public Mobilization and Statistics (CAPMAS)
CSP	Corporate Social Performance
CSR	Cataract Surgical Rate
CSR	Corporate Social Responsibility
CNA	Community Needs Analysis
GRI	Global Reporting Initiative
IAPB	International Agency for Prevention of Blindness
IOL	Intra Ocular Lens
JCI	Joint Commission International
NGOs	Non Governmental Organizations
MF	Magrabi Foundation
MoM	Month over Month Growth Rate
WHO	World Health Organization
YoY	Year over Year Growth Rate

## **Chapter 1: Introduction**

### 1.1: Research Motivation

Being an Egyptian medical doctor, the researcher has worked in various types of healthcare providers; including university, governmental, private and military hospitals. This experience has provided him with a thorough idea of the healthcare situation in Egypt and has inspired the search for solutions to problems such as poor accessibility, low governmental health spending and non-affordability of services. The researcher finds that the notion of Corporate Social Responsibility (CSR) and the opportunities for partnerships with NGOs as an area that needs further investigation, particularly with respect to its potential positive implications on the health sector in Egypt. Such inquiry might provide an in-depth understanding of the current situation and shed the light on the opportunities that may lead to appropriate actions that serve the health of the Egyptians.

### 1.2: Problem Statement

#### Health Expenditure vs. Poverty

Available statistics on the Egyptian healthcare, published by entities like the Central Agency for Public Mobilization and Statistics (CAPMAS) and the Egyptian Center for Economic and Social Rights, though rare, portray an alarming situation. The Egyptian Government spending on health is less than 5% of the total national budget; half the regional average and one third of its commitment under the Abuja Declaration (Visualizing Rights, 2013). This means, accordingly, that any additional spending on health is supposed to be coming from non-governmental sources. Household spending reached 72% of total health spending in 2008/09, compared to a regional average of 45.4%; of this, 97.7% goes to direct out-of-pocket costs. This makes

healthcare unaffordable to many and contributes to disparities in access to essential health services (Visualizing Rights, 2013).

With 26.3% of the country's population falling below the poverty line in 2012/2013, according to the Central Agency for Public Mobilization and Statistics (CAPMAS) as cited in Egyptian Business Review (2013), the problem is getting bigger.

### Accessibility of Healthcare in Egypt

Referring to CAPMAS, Saleh (2014) notes that the number of beds in private hospitals in Egypt in the year 2012 was 25,447, which was little over 25% of the number in governmental hospitals, which were 94,616. According to the World Bank, the number of hospital beds per 1000 people was .5 (Hospital Beds, 2014). The variance on the level of accessibility and quality of the offered services in all providing entities is really huge. According to the Ministry of Health and Population (2010), as cited in Visualizing Rights (2013), just over half of Egyptians have health insurance, compared to 99% of the population in Tunisia, 98% in Iran and 83% in Jordan.

### 1.3: On the Case Study

Currently, the Magrabi Hospital and the Magrabi Foundation are completely separate entities on the level of governmental registration, governance and the organizational structure. Magrabi Foundation is an Egyptian NGO, registered with the Ministry of Social Solidarity under the no. 214 for the year 1992, with its office located in Sayeda Nafisa, Cairo. The Foundation's vision is to promote "A society where avoidable visual impairment ceases to exist". Magrabi Foundation Eye Health Services Arm has been doing community outreach activities since around sixteen years ago. These outreach activities include Mobile Eye Clinics that tour most of the Egyptian governorates each year; Fixed Eye Clinics in remote areas; and Low Pay Optical

Shops. All provide affordable high quality eye care services to the out-of-reach communities in Egypt.

Magrabi Hospital is a leading private eye care provider that has been founded in Egypt in the year 2000. Magrabi Foundation has a long-term partnership with the Magrabi Low Pay Eye Hospital in Sayeda Nafisa. Through this partnership, the Magrabi Hospital supports the outcome of the Outreach Program, carried out by the Magrabi Foundation, by offering affordable prices to the Foundation's beneficiaries, and, in return, this deemed to increase Hospital's productivity and contribute to decreasing its costs by playing on the high volume factor. As mentioned on Magrabi Foundation website, as of the end of 2013: the Foundation has achieved the following:

- The Low Pay Hospital will have completed more than 25,000 cataract surgeries to prevent people from blindness.
- The Low Pay Optical shops have provided more than 50,000 individuals with affordable eyeglasses.
- The Outreach Mobile Eye Clinics made over 1000 trips throughout Egypt.
- The Outreach Program have screened more than 300,000 patients, and issued more than 75,000 prescriptions.

The Hospital supports the Foundation's Outreach Program in the form of providing relatively affordable prices including clinical examinations, clinical investigations, major and minor surgeries, with main focus is on cataract surgery.

While the two entities are currently separate, as noted earlier, the linkage between them lies in:

1. Non-monetary relationship: Both entities have the same brand name, which pours into the notions of reputation and legitimacy of the hospital, as well as improving customer attraction and retention.
2. Monetary: the productivity and financial contribution by the Foundation into the outcomes of the Magrabi Hospital, which pours into the notions of risk and cost reduction, revenue increases, increasing the brand value for the Hospital. The lower prices provided for cataract surgeries and other interventions doesn't impose additional or hidden costs on the Hospital but rather has the potential of decreasing costs based on economies of scale due to the higher number of patients provided by the Foundation.

This linkage pours into the decision-making process by the corporate executives to integrate CSR in their strategic options. The effects of monetary and non-monetary relationships might contribute to either involvement into CSR activities or effective integration into their plans, as a strategic option.

#### 1.4: Background on Cataract Surgery

Avoidable visual impairment is a major global public health problem (“Universal Eye Health - the WHO Global Action Plan”, 2013). Visual Impairment is defined by the International Agency for Prevention of Blindness (IAPB) as visual impairment which could be either treated or prevented by known, cost-effective means (“What is Avoidable Blindness”, n.d). Ninety percent of people with visually impairment live in low-income countries and 80% of visual impairment is avoidable

("World Sight Day", n.d). A study by Johns Hopkins Bloomberg School of Public Health and the London School of Hygiene and Tropical Medicine suggests that with no additional interventions, the number of blind people can go from 44 million in 2000 to 76 million in 2020 (By 2020, 76 Million Worldwide Could Go Blind Without Prevention, 2003). By a 47.9% cataract opacification of the natural Intra Ocular Lens- is leading cause of avoidable visual impairment worldwide (Causes of blindness and visual impairment, 2016).

Cataract is treated through a low cost five to ten minutes procedure that removes the IOL and replaces it with an artificial lens (Chang, 2005). In this serious health problem exists a potential opportunity, as the economic case for blindness prevention is compelling. As per a series of reports by PwC, every USD 1 invested generates on average \$4 of economic gain (Investing in Vision, 2012). A study by Lansingh, Carter, and Martens (2007) that aimed to determine the cost-effectiveness of cataract surgery worldwide, that cataract surgery is cost-effective when considered in absolute terms. Another study by Hansen and Hardten (2015) concluded that the cost-effectiveness was quite high.

Empirical evidence suggests that through efficient cost optimization methodologies, margins from the cataract surgery can be very high. For example, Aravind Eye Care Hospitals in south India have driven the cost of cataract surgery to around USD 15. A paying patient can pay USD 300, and thus paying patients contribute to nonpaying patients through a multi-tiered pricing system (Chang, 2005).

### 1.5: Research Questions

The main research question is: Is there a business case for corporate social responsibility in Egyptian private hospitals? The study is aiming to answer this question by investigating the case of Magrabi Hospital and Magrabi Foundation. The specific questions are:

- 1.** Is there a business case for CSR from the Magrabi Foundation's Outreach Program beneficiaries' point of view? Thus, reflecting the non-monetary impact of CSR.
- 2.** Is there a business case for CSR, based on the financial data on Magrabi Foundation contribution to Magrabi Low Pay Hospital's productivity and thus presenting an opportunity for increasing revenues? Accordingly, reflecting the monetary impact of CSR.
- 3.**
  - a.** Where does the top management stand from the Magrabi Hospital involvement in Magrabi Foundation activities?
  - b.** Will the views of the top management executives of the Hospital be consistent with the answers of the first two specific questions? Ultimately reflecting the strategic relevance of the above two evaluation components, and thus affecting the way they take decisions whether to engage or not in CSR initiatives and the way they see such engagement and contribution.
  - c.** Furthermore, what kind of CSR, on the level of strategic integration, does Magrabi Hospital adopt?



### 1.6: Significance and Originality of Research

1. There is no known published scholarship that investigates the area of CSR in healthcare in Egypt, let alone investigating the existence of a business case for CSR in private eye hospitals. This study is an effort to fill this research gap by empirically investigating the existence of a business case in CSR contribution, by Magrabi Hospital to Magrabi Foundation.
2. The research gap also extends to the limited of literature that measures the impact of CSR in private Egyptian hospitals. This study takes a step ahead by adopting a comprehensive approach, towards measurement of both the qualitative and quantitative effects of CSR in private healthcare in Egypt.
3. The study aims at linking the results of investigating the qualitative and quantitative effects of CSR on the Hospital's business, in relevance to its value on the level of decision-making and practical corporate strategic options.
4. The study aims at concluding by developing a framework, as a preliminary basis for Hospitals aiming to engage in CSR activities that can be also to be used by researchers and Egyptian private hospitals and in the future.

### 1.7 Statement of Purpose

This effort comes from the notion that if there is by any means, a proven business case for social responsibility in private hospitals in Egypt, backed by empirical research and a logical theoretical background, it will be a good starting point to reach valuable partnerships with interested business entities. These business entities shall invest in models that are able to provide affordable yet quality healthcare services to the vulnerable communities in Egypt. In other words, this study aims to investigate, and accordingly to demonstrate, how Egyptian private hospitals owners and share-

holders benefit from engaging in CSR initiatives and even taking the next step by incorporating such initiatives in their hospital governance practices and in their strategies and plans. Simultaneously, in the researcher's opinion taking this next step will help much in addressing many of the deeply rooted healthcare challenges in the Egyptian community potentially developing world communities.

### 1.8 Potential Opportunities

1. The identified gap in the literature regarding the study of CSR practices in the Egyptian private hospitals, offers a very good opportunity for interested researchers to reach out produce new knowledge that would bridge the current information gap about this area in Egypt.
2. There is significant room for searching for worldwide tested unconventional solutions to the poor accessibility of healthcare in Egypt. This may lead at the end to provision of affordable yet high quality healthcare services to the Egyptian patients
3. Similar studies in the future might provide a stronger evidence to validate better models for health care delivery and provide an empirical example on their success, thus, increasing the chances in getting more attention from private hospitals' shareholders and decision makers.

Apart from Chapter One, this thesis is divided into six chapters. Chapter Two reviews the published research around the subject, Chapter Three discusses the conceptual framework, Chapter Four explains the methodology and showcases the used methods, and Chapter Five then has the discussion and analysis. Then, Sixth and last Chapter will be elaborating on conclusion and recommendations, respectively.

## **Chapter 2: Literature Review**

As businesses became the main path through which economies are built, the role of business in society has become one of the most controversial issues in public policy. The controversy ranges from extreme scrutiny for negative social and environmental impacts to the rise of various examples where corporations attempt to act responsibly and include the community in their strategies. From this controversy, emerged the notion of ‘Corporate Citizenship’ which a concept that revolves around how businesses take greater account of its social, environmental and financial footprint. Under this notion, corporations sought to shift from philanthropy to the impact of their core business on the above three elements, with much focus on non-financial performance (Zadek, 2007).

This chapter briefly reviews the evolution definitions and dimensions of CSR, then provides an outline for the ways that business entities approach the social responsibility concept. The review of approaches to will introduce us to the general framework for understanding of CSR that the study adopts.

The review will then go through the available literature that investigates the area of social responsibility in healthcare; more specifically with respect to private hospitals, and it will end by reviewing the literature that provides some empirical evidence on the existence of a business case for CSR in private hospitals, leading into the general research question, regarding the existence of a business case for CSR in Egyptian private hospitals considering the specific case of Magrabi Hospital and the Magrabi Foundation.

The review will conclude by looking at some attempts in the literature that discussed the measurement of the business impacts of CSR, introducing us to the methodology of research.

### Defining CSR

There is much debate surrounding a unified understanding of CSR. Through content analysis, Dahlsrud (2006) used frequency counts via a Google search to calculate the relative usage of each dimension. The study analyzed 37 definitions of CSR and as mentioned by Carroll and Shabana (2010) this number, is underestimating the number of attempts by academics and practitioners to define CSR. Rather than analyzing the number of CSR definitions, Rahman, (2011) attempted to evaluate the evolution of CSR dimensions, throughout the history. This evolution from the 1950s of the twentieth century until the twenty first century, was summarized by him into ten main dimensions: Obligation to the society, Stakeholders' involvement, improving the quality of life, Economic development, Ethical business practice, Law abiding Voluntariness, Human rights, Protection of Environment and finally Transparency and accountability (Rahman, 2011). A four-part definition for the term was constructed by Carroll (Carroll 1979, p. 500, 1991, p. 283 cited in (Carroll & Shabana, 2010). The definition constitutes the expectations that the society has on the economic, legal, ethical, and discretionary levels at a certain point in time.

In spite of the popularity of Carroll's four-parts definition, it might not necessarily apply to developing countries or contexts, especially where firms are probably not accountable to their legal or ethical responsibilities (Porter& Kramer, 2002; Jamali & Mirshak, 2007; Visser 2008 cited in Jamali & Jain, 2015).

Another definition that is adopted by practitioners is the definition of the Global Reporting Initiative (GRI). The initiative defines CSR as “the responsibility of enterprises for their impacts on society” (GRI welcomes, 2010).

### Approaches to CSR

The understanding of CSR typically differs according to the background of the corporation and how it approaches the concept of CSR. The classification<sup>1</sup> adopted by this paper (see table 1), identifies three approaches to CSR from a corporate point of view, namely:

1. The conservative approach;
2. The liberal approach;
3. The radical approach

The first approach to CSR is the one that started the key debate around the business case concept, which is the conservative approach, represented by Milton Friedman, the well-known economist and Nobel Laureate, in his famous 1970 article. Friedman argued that the only responsibility of corporations is to maximize its profits as long as they are abiding with the ethical rules of the game. This was built on the notion of fiduciary responsibility of the managers and executives of the corporations. In this approach, these executives are only accountable to the shareholders of the corporation because they were chosen with the sole responsibility of increasing the financial returns (Friedman, 1970). In this model, CSR activities are based on cognitive

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<sup>1</sup> This classification draws heavily on a class discussion and analysis during the Spring 2014 course, entitled ‘Corporate Social responsibility and NGO Partnerships’ in The American University in Cairo, taught by Dr Aisha I. Saad, Assistant Professor at the Public Policy and Administration Department.

legitimacy that is based on taken for granted values and the activities would be in the form of charity initiatives that is not incorporated in the corporation strategy (Suchman, 1995).

The second approach is the liberal approach. In this approach the corporation stands from the notion of self-interest and thus seeks a win-win situation with the community. One of the reasons for a company to adopt such an approach is the long-term convergence of interests between the corporation's activities and the community of its operations. Another identified reason is that many corporations now acknowledge CSR as a risk management tool. This risk transcends the financial aspect and goes beyond it to the social risks and reputational risks (Kytte & Ruggie, 2005). Companies that adopt this approach identify CSR as legitimate but as having merely pragmatic legitimacy that is governed by the corporation's interests and the materiality and relevance of issues identified to these interests (Suchman, 1995). Initiatives may include community development through education of the local inhabitants or capacity training in order to allow them to be more employable or even employing them in the corporation and basically in any activity that has the characteristics of serving the corporation's benefit and at the same time achieving a social goal for the community.

The third approach is the radical approach where CSR should be integrated in all activities of the corporation starting from the decision-making where employees and stakeholders can sit on the boards of this type of corporations. The radical approach asks the question: What is CSR legitimizing? And the answer comes that it is legitimating the existence of the company; thus it should not be treated as a different entity and the legitimacy here is moral (Suchman, 1995). An example on this may be

the cooperative social enterprises most notably the Mondragon Corporation in Basque, Spain (Clamp & Alhamit, 2010).

<b>CSR Approaches</b>	<b>Conservative</b>	<b>Liberal</b>	<b>Radical</b>
<b>Question</b>	Is CSR legitimate? (CSR is a subject)		What's CSR legitimacy? (CSR is an object)
<b>The answer is</b>	Mostly No	Yes	Existence of the firm
<b>Thus, influenceable?</b>	Mostly Not	Influenceable through open discourse	
<b>Intervention Example</b>	Charity	Community Workforce Training	Stakeholder active engagement in decision making at every level of the organization
<b>Legitimacy</b>	Cognitive (Based on taken for granted values)	Pragmatic (Based on self interest)	Moral/Ethical (Based on evaluation)

Table 1: CSR Approaches in relation to typologies of legitimacy

Source: Author

Examining the strategic approaches to CSR, Jamali and Jain (2015) attempted to compare India to the Arab World, claiming to introduce a model for scrutinizing CSR in the developing countries.

This model, divided CSR into three action-oriented types. These three types (Jamali & Jain 2015) are:

1. Philanthropy, and it has three sub- types:
  - a. Pure philanthropy, in which companies usually donate resources, drawing from a set of beliefs and values that shareholders and executives have.
  - b. Cause-related philanthropy, a variation of pure philanthropy, in which corporates identify a certain social cause or an NGO that has the capabilities of positively affecting the company's reputation, and associates itself with such cause, or NGO.
  - c. Strategic philanthropy, where businesses do not see philanthropic activities as conflicting with, but rather complementary to its core operations and goals. Thus, businesses that adopt this typology make philanthropic interventions that address social challenges, mostly in its core area of operation, with the aim of developing a competitive edge.
2. CSR Integration, the second strategic typology, in which businesses take a conscious decision to engage and consider social issues that are material to both stakeholders, and to shareholders and the business itself. Eventually, this creates a win-win outcome for both parts of the equation.
3. CSR Innovation, a third and final strategic typology, in which CSR itself becomes a source of innovation. Social issues can either support business to evolve and develop, or even help creating completely new businesses, thus



making business strategy and social impact, inseparable (Porter & Kramer, 2006).

This action oriented CSR typologies' classification, has major similarities to the above-mentioned CSR Approaches, in the sense of portraying CSR, from businesses points of view, as a spectrum. The spectrum ranges from the very left; namely pure philanthropy, cause-related philanthropy, and the conservative approach to CSR, going through the middle; where strategic philanthropy, CSR integration, the liberal approach to CSR and Corporate Responsibility innovation lie, and ending, by the very right; the radical approach to CSR.

#### Social Responsibility in Healthcare

From the economic perspective, the health sector should be treated differently than others; for example: consumer goods, fashion and stock markets. The arguably most direct relationship lies in the health sector; because of the fact that its way of making profits has a much bigger relationship to people's lives by affecting their health problems rather than other business entities (Lee, 2005). Takahashi et al. (2013) also suggest that hospitals should be treated differently for two reasons:

1. The first is that most hospitals were established in the first place to achieve a social mission which is treating the sick
2. The second is that their operations are highly regulated by governments that CSR activities could not be distinguished from their normal operations.

The heterogeneity of different industries on the level of impact of CSR on Corporate Social Performance (CFP) is dependent on four concepts: their dependence on individual stakeholder groups, their proximity to the end consumers, their potential for social and environmental damage and their level of product/service differentiation (Hoepner, Yu & Ferguson, 2010). Branda et al. (2012) mentioned the paradox of the hospitals being economic entities that are established to gain profit to the shareholders as their main responsibility and the awaited social responsibility from them. They stated that the rule of law is not enough for applying social responsibility and that hospitals should move beyond the profit maximization to adopting CSR as a mean of hospital governance putting social responsibility in the heart of corporate operations and even borrowing such a model from private to public hospitals promoting shared values and common ethical principles in new patterns of hospital governance.

Looking at hospitals as social organizations with economic dimensions rather than economic organizations with social dimensions, Kurt (1997) argued that the general social responsibility of hospitals has two dimensions. The first is achieving community benefit while working to enhance the hospital's organizational assets and the second is the obligation of hospitals to protect the common benefit through best allocation of resources to serve the good of the public. He refers to some examples that demonstrated the conflict that faces hospital managers on the level of balancing the financial interests of their organization with addressing community needs, for instance the 'uncompensated care' offered for the low income patients at reduced rates. Most importantly, Kurt (1997) reached the conclusion that improving efficiency of services would be the best contribution that hospital managers can make, with the assertion on

the fact that there should be no contradiction between accessibility and affordability of care and the quality of service.

Kakabadse et al. (2006) studied the meaning for CSR in a local French hospital from a stakeholders' perspective. Results revealed that stakeholders identified six themes linked that affect the CSR: leadership, extended care, medical care, community care and the importance of externalities and dialogue. CSR thus should be first understood by all involved parties in order to become a useful tool (Takahashi, Ellen& Brown, 2013). Rohini and Mahadevappa (2010) provided an evidence that the understanding of the meaning of CSR is different between the stakeholders themselves specially on the level of socio-economic and workplace responsibilities.

As per the rationale behind engaging in CSR activities by hospitals, Jamali et al (2010) discussed the motives of Lebanese hospitals for engaging in CSR activities. The findings of the study revealed that the motives were dependent on the preferences of the owners and not as part of the corporate strategy, religious beliefs and the poor status of the health services in the country.

### Understanding the Business Case

The business case for CSR asks the question of whether considering and involving in CSR activities and initiatives pays off for corporates. It refers to the bottom-line financial and other reasons that businesses have for pursuing CSR strategies and policies (Carroll& Shabana, 2010). Kurucz et al (2008) identified four general types of the business case for CSR: cost and risk reduction; competitive advantage; reputation and legitimacy; and synergistic value creation. Berger (2007) elaborated on the narrow and broad understandings of the business case of CSR moving from the

direct relationships in the narrow view to the broad understanding of it. This broad understanding constitutes the direct and indirect relationships between the business and CSR value and benefits.

### The business case for CSR in Hospitals

The meeting point between community needs in Egypt's healthcare sector in regards to solving the accessibility problem on one side, and the perspective of private hospitals, being business entities that aim at gaining profits, lies potentially in acknowledging the business case for CSR in Egypt's private hospitals and thus reaching a win-win situation.

Identifying the business case for CSR in healthcare without mentioning the term, Tehemar (2012) theoretically illustrated the 'benefits' for private hospitals engaging in CSR activities. He stated that CSR can help hospitals to attain the needed legitimacy from stakeholders, improve their reputation and risk management, allow for more efficient use of resources, help in enhancing patient loyalty, increase the ability of hospitals to attract and retain quality employees, develop competitiveness, help in gaining governmental support; and thus inevitably results into better financial performance over the years. But Hoepner et al. (2010) provided empirical evidence on the business case for CSR in healthcare, linking the CSP to the Corporate Financial Performance (CFP). Among the 10 industries they investigated, in only two industries CSR had a substantial value for investors; one of them being healthcare. According to their study, investors in healthcare sector can yield abnormal excess returns, of more than 6% per annum.

On the same vein, Lin et al (2012) also provided an empirical evidence from studying Taiwan's hospital foundation -building on the pyramid model of CSR which includes four components: economic, legal, ethical, and discretionary issues- that the hospital's investment in CSR have positive correlation with its financial performance. A business case for CSR was even identified in public hospitals in France; a survey by KPMG on listed corporations in France pointed out that the main drivers for setting up ethical committees within the organization were institutional shareholders and consumers (Pinel, 2001 cited in Kakabadse & Rozuel, 2006). Takahashi et al (2013) concluded that CSR is relevant to hospitals and is potentially an area of value on the level of strategic management of both for profit and nonprofit hospitals.

Kurucz et al (2008) have provided some interesting recommendations in order to provide a better business case for CSR, that are strongly relevant to the healthcare industry, namely, private hospitals:

1. Acknowledging complexity and allow for emergence of nonlinear non-causal relationships “it is essential to broaden the locus of reference for business away from an organization-centric to an organization-and-society view” (Kurucz et al., 2008, p.103).
2. Building integrative capacity for a broader and holistic approach that is, “by a capacity for members of the organization to view themselves and their work as a part of something larger, whether purpose-bound or value-chain-defined, and then to assess whether that larger purpose is satisfactory” (Kurucz et al., 2008, p.104).
3. Encouraging pragmatism to enhance value creation through encouraging managerial experimentation with new business models for value creation.

## Measuring the Business Case

In their attempt to explore some of the underlying reasons why CSR reporting seems to have a low impact on business decision-making, Knox and Maklan (2004) tried to validate a framework to link CSR to business and social outcomes.

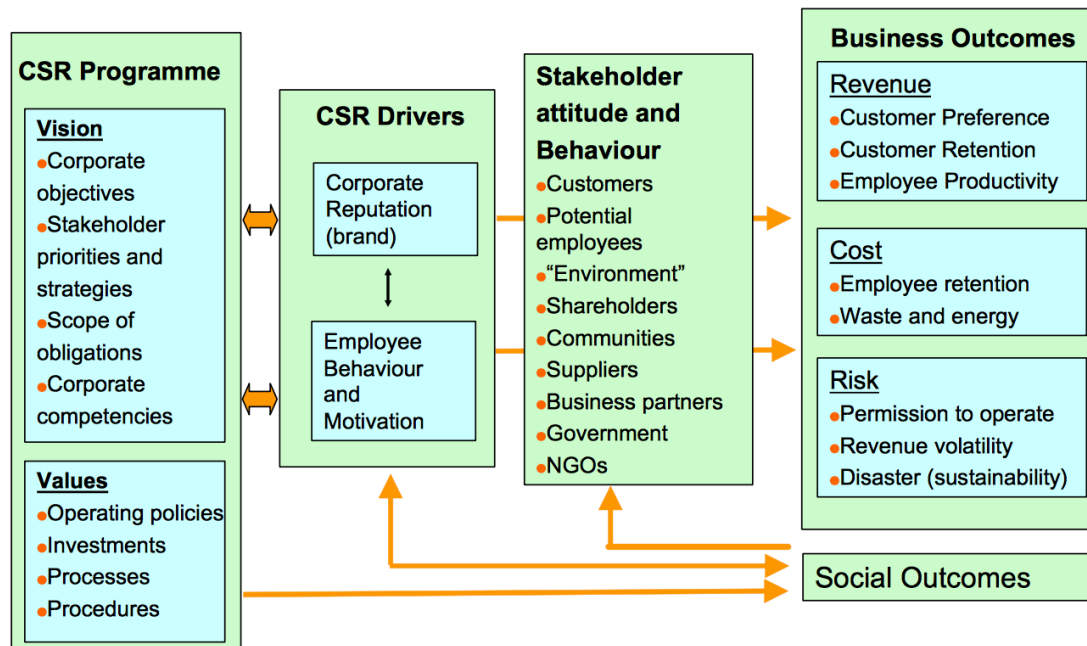


Figure1: Framework Linking CSR with Outcomes

Source: (Knox & Maklan ,2004, p511)

Weber (2008) discussed the relationship between CSR and the financial performance of corporations and thoroughly explored the business benefits of CSR in previous research. He introduced a framework for understanding the business benefits of CSR from qualitative and quantitative points of view on the monetary and non-monetary levels. He also provided a four-step comprehensive model for assessment of CSR impacts that constitutes qualitative and quantitative assessments; development of Key Performance Indicators for the assessment and then evaluation of the strategic relevance of the assessment components. Drews (2010) built on the theoretical back-

ground of Weber (2008) and introduced a two-step approach for measurement of both the business and societal impact of CSR and then applied this theoretical framework in an in-depth case study of a European health care company to assess the validity of the suggestion.

Based on the literature review, the researcher adopts Carroll and Shabana's (2010) definition to CSR, which constitutes the expectations that the society has from businesses, on the economic, legal, ethical, and discretionary levels, at a certain point in time. The researcher believes that the CSR in healthcare should be looked at in different more considerate way, than other services and industries. Because of its direct interaction with human lives, hospitals should be established with the social goal in mind. Saying that, the researcher leans more, from a practical point of view, towards the liberal approach to CSR and the notion of business case of CSR. This approach provides more realistic basis for potentially successful relationships and partnerships between for-profit hospitals, core business NGOs, and the society at large. In this respect, the researcher identifies four types for the business case that applies to CSR in private hospital setting: cost and risk Reduction; Competitive Advantage; improving reputation and gaining legitimacy; and synergistic value creation.

### **Chapter 3: Conceptual Framework**

This study aims at investigating the existence of a business case for CSR in Egyptian private hospitals. In this context, there should be a definition for CSR, upon which the study can be built on. In order to investigate the existence of such business case in the relationship between the Magrabi Hospital and the Magrabi Foundation, the study adopts the framework illustrated by Kurucz et al (2008) who identified four general types of the business case for CSR:

1. Cost and Risk Reduction, as elaborated on by Kytte& Ruggie (2005).
2. Competitive Advantage as argued by Porter & Kramer (2006).
3. Reputation and Legitimacy, with reference to Suchman's notion on pragmatic legitimacy (1995).
4. Synergistic Value Creation in reference to general understanding of shared value creation of Porter and Kramer (2006).

The researcher chose Kurucz et al (2008) framework for two main reasons. First, as much scholarship attempted to define CSR, there was no consensus on one definition, but rather a matter of identifying contextual evolution of approaches and dimensions, based on the social, economic and environmental circumstances (Rahman, 2011). Thus, instead of using a preferred model or definition, the researcher opted to referring to CSR types. Second, in the researcher's opinion, the four type identified in this model are most relevant to CSR in the context of a private hospital.



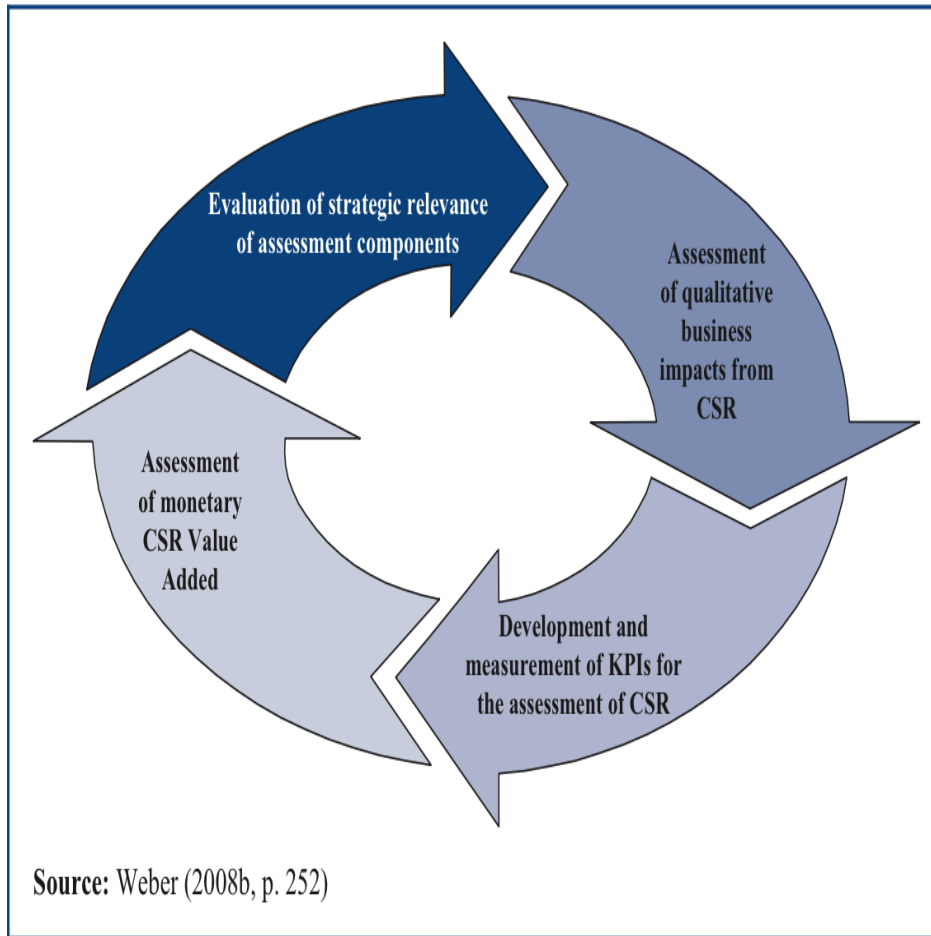


Figure 2: impact measurement and analysis framework (Weber, 2008)

This, in addition to adapting the impact measurement and analysis framework presented by Weber (2008) in (see Table 1 and Figure 2) for elaboration on:

1. Qualitative vs. Quantitative Impacts of CSR on the business.
2. Monetary and non-monetary impacts of CSR on the business.

<b>Monetary Impacts</b>		<ul style="list-style-type: none"> <li>• Revenue increases</li> <li>• Cost decreases</li> <li>• Risk reduction/management</li> <li>• Increase in brand value</li> </ul>
<b>Non-monetary Impacts</b>	<ul style="list-style-type: none"> <li>• Improved access to capital</li> <li>• Secured license to operate</li> </ul>	<ul style="list-style-type: none"> <li>• Improved customer attraction, retention</li> <li>• Improved reputation</li> <li>• Improved employee recruitment, motivation, retention</li> </ul>
	<b>Qualitative Impacts</b>	<b>Quantitative Impacts</b>

Table 2: Monetary, non-monetary, qualitative and quantitative impacts of CSR

Source: (Weber, 2008, p 250)

There are attempts in the literature to link and measure the business benefits from engaging in CSR. For example, Hoepner et al. (2010) provided empirical evidence on the existence of a relationship between CSP and CFP. Knox & Maklan (2004) tried to validate a framework to link CSR to business and social outcomes (see Figure 1). However, the researcher sees Weber's (2008) as the most comprehensive framework in the reviewed literature that is convenient to evaluate the relationship. This is because it has qualitative, quantitative and strategic relevance components, and it provides a model for assessing the monetary and nonmonetary qualitative and quantitative impacts of CSR on the businesses.

The study also draws in the analysis of results, from the action oriented CSR typologies adopted by Jamali and Jain (2015). The model classifies CSR into three main types:

1. Philanthropy; pure, cause-related and strategic
2. Corporate Social Responsibility Integration
3. Corporate Responsibility Innovation

The study will use this model to identify the CSR typology that Magrabi Hospital adopts, and whether it has a strategic depth that is reflected in its actions or not.

Dimensions	CSR Action Types				
	Philanthropy			CSR Integration	CR Innovation
	Pure	Cause	Strategic		
Relatedness to business	Can be Outside of core business		May or may not be related to core business	Closely related to existing business	Enlarging core business or developing new business
Target of responsibility	Society		Competitive context	Internal Operations	Expanding Operations
Benefits expected	Image and reputation, building, lobbying		Ease of conducting business adds social value	Social performance of existing business, unlocks social value existing business	Economic value through solving social problems through new business models
Approach			Outside-in	Inside-out	A combination of outside-in and inside-out

Table 3: Action-oriented CSR Typologies

Source: Jamali and Jain, (2015, p 75)

The model (see Table 3) classifies CSR types based on measuring against four dimensions. These dimensions are:

1. Relatedness to business; whether initiatives are related or not, to the core business;

2. Target of responsibility ranging from directly aiming for a societal impact, to gaining a competitive edge, then improving internal operations, to even expanding and growing operations;
3. Benefits that the firm is expecting from engaging in CSR initiatives;
4. The approach through which companies would address a CSR initiative as strategic option; whether starting from the outside environment in order to drive a positive impact on the business, or starting from the inside through aligning business interest with solving social issues that are relevant.

## **Chapter 4: Methodology**

This study uses a case study approach as a method of inquiry. Case study is a commonly used research methodology that meant to provide thorough understanding of a specific individual or an entity. As cited by Yin (1984) defines the case study research method “as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used.” (Yin, 1984) as cited by Zainal, Z. (2007). Although case study method has been criticized with regards to reliability and generality, the researcher believes it is a necessary and sufficient method for certain important research tasks (Flyvbjerg, 2006) as it helps to provide a deeper understanding of a certain entity, and provides a more concrete basis for comparisons and generalization.

The following study methods are subdivided into three stages, in relevance to the three specific research questions explained in the introduction chapter.

### **4.1 Methods**

Adapted from a framework by Weber (2008), the study will aim to carry out:

1. Qualitative Evaluation.
2. Quantitative Evaluation.
3. Evaluation of the strategic relevance of the above two components.
4. Development of a preliminary framework of recommended framework to help Egyptian private hospitals in developing their engagement in CSR activities, for the benefit of both society and the business

The study uses a mixed qualitative and quantitative methodology, to evaluate the monetary and non-monetary effects of engaging in the community outreach initiatives carried out by the Magrabi Foundation.

The study is using a three stages measurement process, adapted from the four steps CSR business impact assessment cycle, developed by Weber (2008). The three stages of measurement aim at:

1. Evaluation of the qualitative effect of engaging in CSR activities by Magrabi Hospital into Magrabi Foundation.
2. Evaluation of the quantitative effect of engaging in CSR activities by Magrabi Hospital into Magrabi Foundation.
3. Evaluation of the strategic relevance of the results of evaluation components, on the level of corporate executive views and their effect on the decision making regarding engaging in CSR activities.

#### 4.1.1 Stage One

The first stage involves evaluation of the qualitative effect of engaging in CSR activities by Magrabi Hospital into Magrabi Foundation. This constitutes the non-monetary impact dimensions, including examining if the foundations activities led to improved stakeholders relations, better customer attraction improved reputation; and thus gaining a competitive advantage in the market (Weber, 2008).

This first stage will be a qualitative descriptive research study. Based on mixed semi-structured phone interviews and administering questionnaires followed by content analysis, with the Magrabi Foundations' beneficiaries who underwent subsidized cataract surgery through the Community Outreach Program. Beneficiaries' views and

perceptions about the corporate entity -here Magrabi Hospital-, is thought to give an idea about the existence of a business case of CSR, from the notion of developing and improving reputation and legitimacy and giving a competitive advantage to the Magrabi Hospitals.

A random sample will be selected from the adult beneficiaries who underwent a subsidized cataract surgery, through the community outreach Program activities done by the Magrabi Foundation in 18 Egyptian governorates, in the two years from January 2014 to December 2015.

The mixed semi-structured interviews and questionnaires will explore the existence of the nonmonetary impacts of these activities, meaning their perceptions and behaviors about the brand name of Magrabi Hospital and if this affected their choices to get more services from the Magrabi Hospital.

Before developing the interview questions, the researcher did a desk research to make himself more familiar with the subject. In addition, the researcher made some informal communications with the Foundation staff who has been directly interacting with the target group over the past 17 years in order to help collecting as much valid beneficiaries' views as possible.

Stage one' questionnaire questions (Annex 1) were designed to extracting as material data as possible within a concise timeframe, to provide an answer to the first research question. The questions revolved around whether the service provided by the Foundation helped developing or improving one of the below elements:

- Positive brand perception
- Customer attraction
- Customer retention
- Customer referral

#### 4.1.2 Second Stage

The second stage involves evaluation of the quantitative effect of engaging in CSR activities by Magrabi Hospital into Magrabi Foundation. This constitutes the monetary impact part, including examining if the foundations activities led to improved, cost reduction and/or increase of productivity and revenues (Weber, 2008).

A data collection of the number of surgeries generated from the Outreach contributions, versus the number of surgeries generated from regular Magrabi Hospital activities, from January 2014 to December 2015. The study will use the Month-over-Month (MoM) Growth Rate Comparison as an indicator. The data will be extracted from Magrabi Hospital and Magrabi Foundation monthly accounts and reports and monthly claims of the Magrabi Hospital.

This second stage will aim to explore the relationship between the percentage increase and decrease in the activities and number of surgeries gained by the hospital through the Outreach Program and the percentage of surgeries gained of Magrabi Low Pay Hospital.

#### 4.1.3 Third Stage

The third stage involves evaluation of the strategic relevance of the results of first two stages components, on the level of corporate executive views and their effect on the decision-making regarding engaging in CSR activities.

This third stage will be a qualitative descriptive study, based on in-depth interviews and content analysis of the results. The study will interview two top management executives in the Magrabi Hospital, discussing the findings of the former two stages and analyzing if their own views are consistent or not with the facts and results



of the former two stages. The interviews will aim at extracting data that helps classifying the type of CSR that Magrabi Hospital adopts based on the model adopted by Jamali and Jain (2015), as explained previously in the conceptual framework.

The in-depth interviews' were designed to help extracting data that helps in providing an answer to the three components of the third research question. Questions (Annex 2) aimed at exploring CSR definition from these executives point view, how do they see the business related impacts of the Hospital involvement in the Foundation activities whether positive or negative; with reference to Kurucz et al (2008). The interviews also will aim to examine the strategic relevance with reference to the elements explained by Jamali and Jain (2015). The main elements are:

- Expectations of stakeholders from firms
- Motives of the firms
- Their level of awareness of CSR
- The relatedness of CSR to core business
- The extent of CSR is addressing a social gap or need

Before building the interview questions, the researcher made a desk research to make himself more familiar with the subject. The desk research involved exploring the existence of online resources that highlights Magrabi Hospital social role.

This stage will use purposive sampling technique, meaning that the researcher will restrict the in-depth interviews to the two senior executives whom he believes will represent the Hospital. This is consideration to the long history with the Hospital, the understanding of the research objectives and thus limiting possibility of providing biased answers, and the close relationship to the shareholders

#### 4.1.4 Fourth Stage

Then a fourth and final stage will aim at coming up with a practical preliminary framework, which could serve as a base to build on future research. It can also serve as guidance for the Magrabi Hospital and other hospitals that aim to further develop its social role and do good, from shareholders and business executives' perspectives. The fourth stage outcomes will be portrayed in the recommendations chapter.

In addition to the above methodology, the researcher used systematic observation, to draw conclusions and develop recommendations.

#### 4.1.5 Participants' Protection

All participants to the research study were informed with the purpose of the study and that participation was voluntary. An oral consent from the participants of the first stage instead of a written one, was taken because given the limited time and resources, there existed an extreme difficulty in gaining a written consent from the eighteen governorates. A written consent form was taken from the participants to the third stage. The researcher protected all data on a password-protected computer device, owned and only accessible, by him.

## **Chapter 5: Discussions and Analysis**

### 5.1 Analysis of Data Collected

#### 5.2.1 First Stage

<b>Item</b>	<b>Count</b>	<b>%</b>
<b>Number of Governorates</b>	18	
<b>Population</b>	2383	100.00%
<b>Total Sample Size</b>	273	11.46%
<b>Number of Phone Calls</b>	174	7.30%
<b>Number of Respondents</b>	73	3.06%
<b>Response Rate</b>		41.95%

Table 4: Summary of Data Collected – First Stage

The Outreach Program of Magrabi Foundation visited 18 Egyptian governorates (see Figure 3) from January 2014 to December 2015. A population of 2383 beneficiaries, in these governorates, was considered in the research. This population includes all adults who underwent a subsidized cataract surgery at Magrabi Hospital, through the Community Outreach Program of Magrabi Foundation.

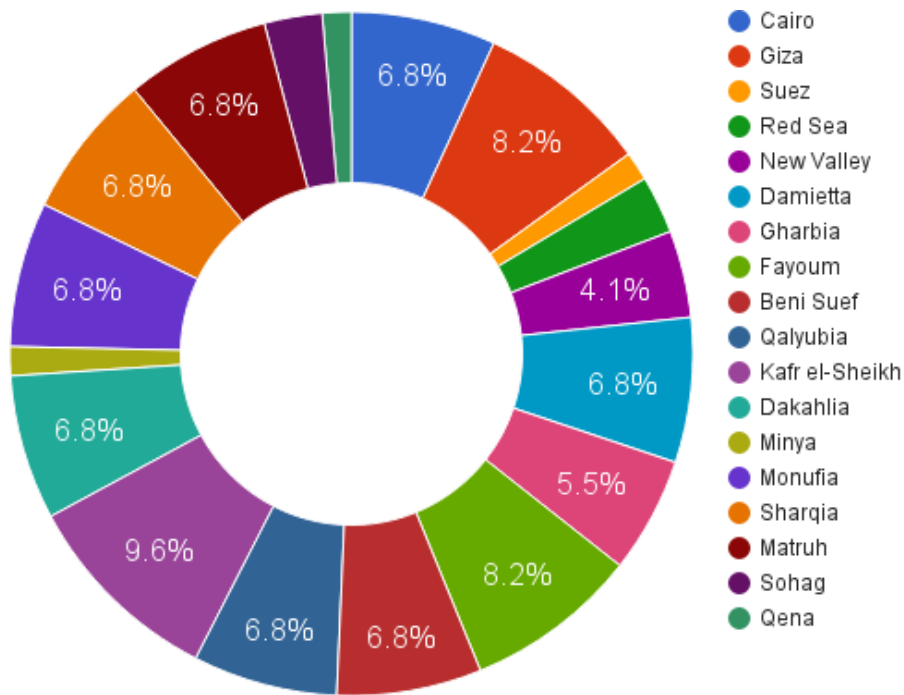


Figure 3: Governorates Distribution– First Stage

Beneficiaries' data were extracted from Magrabi Foundation records, and a random sample of 273 beneficiaries was selected. The sample was stratified according to governorates. This means that the number of beneficiaries in each stratum ranged from 1 to 21 beneficiaries. The variance in the number of beneficiaries in each stratum was governed by the number of beneficiaries who underwent a cataract surgery in each governorate. This variance is due to two main factors:

1. The number of visits by the Outreach Program at Magrabi Foundation, to each of the 18 governorates, from January 2014 to December 2015.
2. Cataract surgeries win rate after each Outreach visit

Phone calls attempted with 174 beneficiaries, representing a 7.3 % of the total population. The researcher made phone calls until reaching data saturation, meaning a point was that sampling more data would not lead to additional information that support answering the relevant research question (Data saturation, 2013).

Seventy-three (73) beneficiaries or their first-degree relatives, who accompanied them throughout the offered service, were reached and responded to the phone calls during the data collection period, contributing to a 41.95 % response rate.

34 % of the respondents received the service in 2014, while 66% of them did, in 2015

48% of those respondents are males while 52 % are females (see Figure 4 and 5).

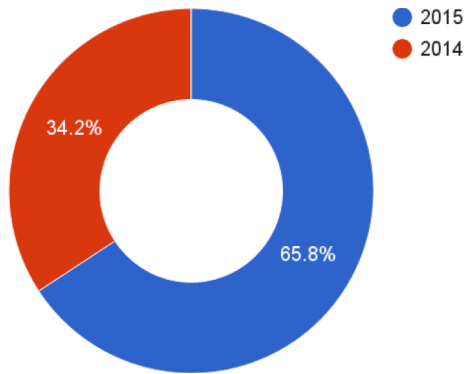


Figure 4: Year of Service – First Stage

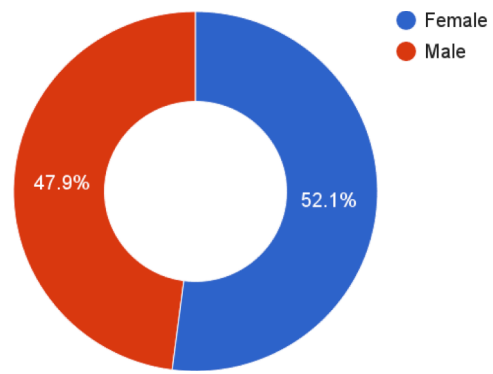


Figure 5: Gender – First Stage

### Questionnaire Responses

A majority of 74% did not know about Magrabi Hospital before receiving the initial service provided by Magrabi Foundation Outreach Program, while 26% of the respondents did (see Figure 6).

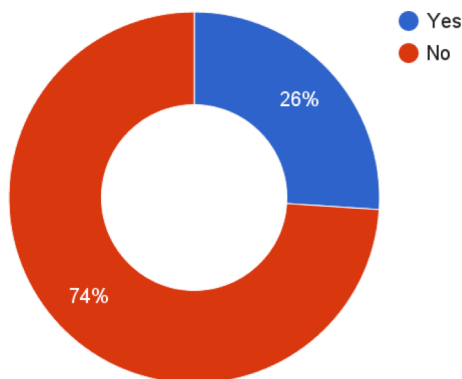


Figure 6: Did you know about Magrabi Hospital before receiving the service provided by the Foundation?

A majority of 95.% out of these 26% who knew about the hospital before, changed their views about the Hospital, after receiving the initial service provided by the Foundation’s Outreach Program, while only 5% didn’t. All of those 95% indicated that the change was to the positive side (see Figures 7 and 8).

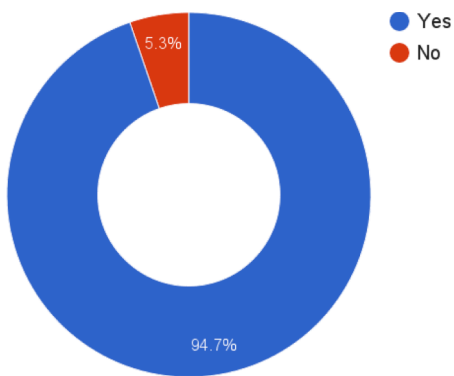


Figure 7: Did the service contribute to changing your views on the hospital?



Figure 8: Was it a positive or negative change?

52.1% of all respondents visited the Magrabi Hospital after undergoing the cataract surgery, to follow up, receive a complementary service, or receive a new service. A majority of 84.2% of these 52.1%, who visited the Hospital after the cataract surgery, received a free service, while only 15.8% received a paid service (see Figures 9 and 10)

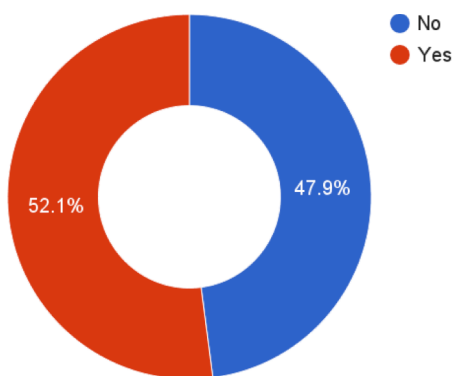


Figure 9: Did you visit the Magrabi Hospital after the initially provided service, to obtain another?

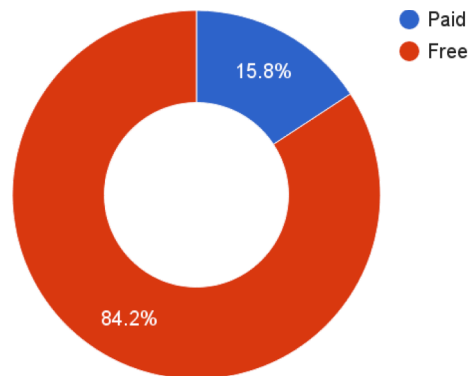


Figure 10: Was it a paid or free service?

Besides, 75 % of all respondents were satisfied by the services provided by either the Foundation or the Hospital, to the extent that they recommended the Magrabi Hospital to others. These 75 % indicated that a majority of 64% from those who visited the Hospital after their recommendation, received a paid service, while only 36% received a free one, through a following visit of the Foundation's Outreach Program, to their location (see Figures 11 and 12).

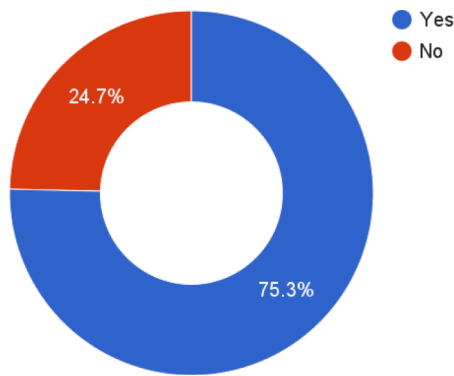


Figure 11: Did you recommend the service to others?

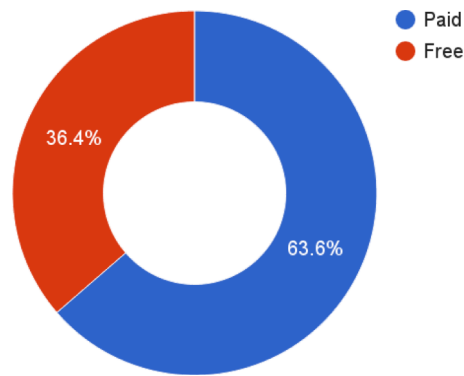


Figure 12: Was it a paid or free service?

Finally, a majority of 90 % of all respondents indicated that after the experience they had with the package of services provided through the Outreach Program of the Foundation, in the future, they would prefer the Magrabi Hospital, over another hospital, to receive a similar paid service.

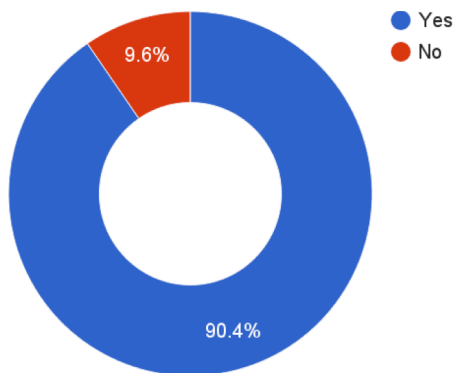


Figure 13: In the future, would you consider Magrabi Hospital over another hospital, to get a similar paid service?

From the remaining 10 %, 7% indicated that they would not prefer Magrabi Hospital because of the distance, while a 3% indicated that the service would be too expensive for them to get.

When asked about the first word that comes into their mind when they hear the name of Magrabi Hospital, all responses reflected a positive brand perception, including the one respondent who had complications after the surgery.

### 5.2.2 Second Stage

The Low Pay Magrabi Hospital (MH) at Sayeda Nafisa has two major sources for cataract surgeries, patients that attend through Magrabi Foundation Community Outreach Program including the fixed and mobile eye clinics and patients that walk in directly to the Hospital. At the moment, and as they function as they function as two separate organizations; the approach, methodology and tools for acquiring these patients varies between the two entities

<b>2014</b>	<b>MF</b>	<b>MH</b>	<b>Total</b>
<b>Feb</b>	27.72%	19.80%	47.52%
<b>Mar</b>	55.70%	-8.05%	47.65%
<b>Apr</b>	-13.64%	-3.64%	-17.27%
<b>May</b>	36.81%	1.10%	37.91%
<b>Jun</b>	-29.48%	-4.38%	-33.86%
<b>Jul</b>	-55.42%	-18.67%	-74.10%
<b>Aug</b>	390.70%	172.09%	562.79%
<b>Sep</b>	32.63%	-5.96%	26.67%
<b>Oct</b>	-8.31%	-9.42%	-17.73%
<b>Nov</b>	-14.81%	16.84%	2.02%
<b>Dec</b>	1.32%	-7.59%	-6.27%

Table 5: 2014 Month over Month Productivity Growth Rate

<b>2015</b>	<b>MF</b>	<b>MH</b>	<b>Total</b>
<b>Jan</b>	-20.77%	-14.08%	-34.86%
<b>Feb</b>	15.68%	11.89%	27.57%
<b>Mar</b>	4.66%	-4.24%	0.42%
<b>Apr</b>	-9.70%	-0.42%	-10.13%
<b>May</b>	49.30%	16.43%	65.73%
<b>Jun</b>	-23.51%	-5.95%	-29.46%
<b>Jul</b>	-33.33%	-22.89%	-56.22%
<b>Aug</b>	133.94%	56.88%	190.83%
<b>Sep</b>	-50.79%	-5.68%	-56.47%
<b>Dec</b>	36.96%	26.81%	63.77%

Table 6: 2015 Month over Month Productivity Growth Rate



Monthly number of cataract surgeries that were done at the Hospital, from January 2014 to December 2015, was extracted from the Hospital records. These monthly numbers were broken down to the numbers that come through Magrabi Foundation and the numbers that were produced by the Hospital.

This breakdown is meant to illustrate the percentages of contribution of the two entities, to the total productivity of the Low Pay Hospital.

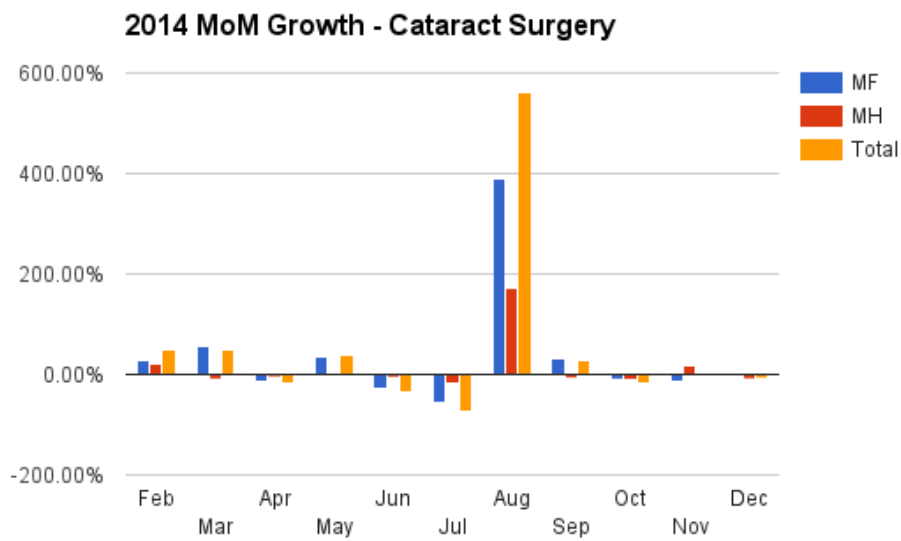


Figure 14: Month over Month Productivity Growth

A Month over Month (MoM) Productivity Growth Rates was calculated, for the months from February 2014 to September 2015. The utilization of the Operating Rooms was paused in the months of October and November 2015 and then was resumed again, in December 2015. Thus the MoM rate for December 2015 was calculated using September 2015.

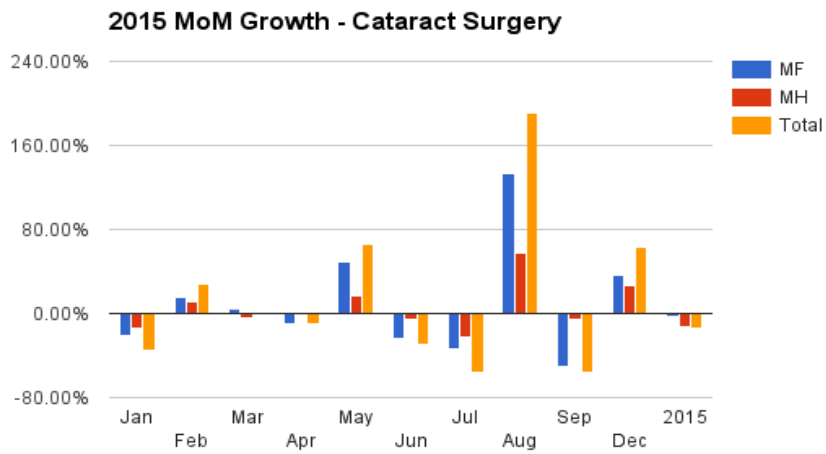


Figure 15: 2015 Month over Month Productivity Growth

Then, a Year over Year (YoY) rate was calculated, to estimate the annual growth rate breakdown as well (see Figure 16).

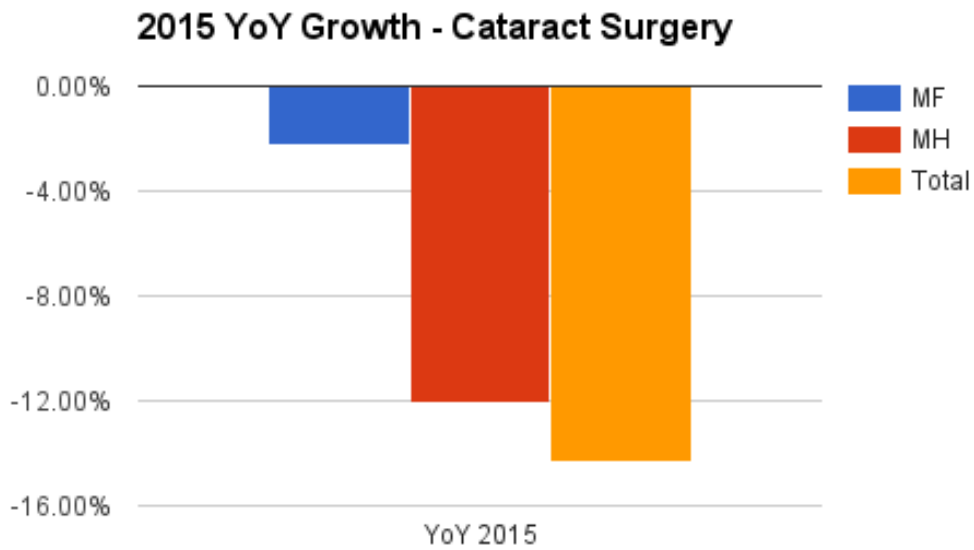


Figure 16: 2015 Year over Year Productivity Growth

### 5.2.3 Third Stage

The desk review in this stage aimed at exploring the existence of online resources that highlights Magrabi Hospital social role. It revealed that on the level of social and environmental responsibility, Magrabi Hospitals and Centers Corporation is mostly linked to an International Finance Corporation (IFC) of the World Bank Group.

As mentioned in a press release on the IFC' website, in January 2008, the IFC has partnered with Magrabi Hospitals and Centers to expand its operations, in order to help providing a high quality health service to the developing communities in Middle East and North Africa. The IFC provided Magrabi Hospitals and Centers with USD 45 Million financing package to help such expansion. The press release mentioned Magrabi Foundation (AlNour Magrabi back then) and the notion of affordability more than once as the main channel through which Magrabi Hospitals and Centers Corporation fulfills its social role by serving the low-income people in the region (IFC's Investment, 2008).

Quoting a Group Board Member, when asked about Magrabi Hospitals and Center social role in an interview with an IFC official:

“We have our own charity organization, which is Al-Noor Foundation that is funded separately by some of the owners individually, by getting some of the charitable people to contribute within the community, as well as the company itself. We do outreach programs in the rural areas. We examine people and diagnose them and treat whatever we can treat. And refer the surgeries to our locations and give them discounted rates. That's one way of doing it. The other way of doing it is, actually, we have a de-

partment in all of our locations that study the case of individuals that come to the hospital and who cannot afford it. And we have a quota that we do on a monthly basis, and we take care of them.” (IFC Invests in Health Care in Emerging Markets, 2009).

This board member, also spoke on a CNN feature claiming that money should not come as a first priority as the aim from what they do is helping people and providing quality work, and then money will come along. In the same video, another member of Magrabi Group Board mentioned that it is a model for the future, elaborating on his idea by saying; social entrepreneurship and companionate capitalism<sup>2</sup>.

It further revealed that Magrabi Hospital in Cairo is the first hospital out of eight healthcare providers in Egypt to get accredited by the Joint Commission International (JCI), which is the oldest and largest standards-setting and accrediting body in health care in the United States (“Who is JCI”, n.d). In its hospital accreditation standards, JCI has sections and requirements that might be relevant to CSR in a hospital setting, for example: staff qualifications and education, patient safety and rights and environmental risk control. The desk research finally revealed that the Hospital has no published CSR Policy.

### In-depth Interviews

Two interviews were conducted with two top executives at the Magrabi Hospital in Sayeda Nafisa. The two executives preferred to remain anonymous. They will be referred to throughout the paper as Executive number one and Executive number two. The following section will try, in summary, to elaborate on the main ideas in the in-

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<sup>2</sup> According to social entrepreneur David Green, the term Compassionate Capitalism means taking a low volume high margin business and turning it into a high volume low margin business, putting the goal of service above that of profit (Bamburg, 2006, p.88)

interviews that have relevance to research questions. Further elaboration will be provided in the following Discussions and Analysis chapter

#### 5.2.3.1 First Interview

Executive number one defines Corporate Social Responsibility as bundle of corporate activities and behaviors through which the corporation can benefit the society, these activities and behaviors should prioritize for the neighboring geographic society. In his views, the activities that deemed by a corporation as CSR should stay within its core business scope and areas of expertise, as this will be more beneficial to the society. In his understanding, CSR activities ideally target the low socioeconomic strata of the community, and not the wider comprehensive definition of the community.

Executive number one acknowledged that there is major benefit that comes back to the Hospital from the Foundation activities but in the same time believes that the relationship should be more organized and well leveraged than the current situation. In his view, the current situation has relatively poor strategic integration between the activities of the two entities is not what was planned since the establishment. He believes that in the current situation, the Hospital is over-dependent on the Foundation to peruse its social responsibility towards the underprivileged communities.

He believes that founding shareholders of the Hospital had the concept of leveraging the Foundation activities for the sake of the business. This includes both political and marketing advantages that can be easily translated into risk and cost reduction as well as economic gains. He also believes that there is always a religious element behind doing any social interventions. Executive number one mentioned that the Joint Commission International (JCI) has accredited the hospital for three consecutive

times so far, since the year 2009, and that JCI has strict measures and requirements, when it comes to subjects like patient safety and maintaining a safe environment, from the standpoint of providing the highest quality best value healthcare services to patients. Executive number one also highlighted the Egyptian Hospital Accreditation Program Standards that also has requirements related to patient safety, environmental safety, infection control, and considering community needs, and other requirements that pour into the notion of social responsibility towards the community and patients.

He stated that these accreditation standards are now in the process of being applied on all Egyptian Healthcare providers, and thus they should -from a pragmatic stand point- seek developing their social role. When he was asked about the International Finance Corporation partnership he stated that the Foundation was a major cause for closing a successful deal back then, but he doesn't believe that leveraging the Foundation was based merely on a pragmatic rather than an integrative strategic approach.

The Hospital submits Magrabi Foundation's annual productivity numbers, in terms of its eye health services' outcomes, as part of the annually required Environmental and Social Performance Annual Monitoring Report (AMR) to the IFC. He believes that there is a positive impact in the relationship that lies mainly in indirect marketing for the services and improving the hospital reputation. Executive number one finally confirmed that the Hospital has no written Policy for CSR.

#### 5.2.3.2 Second Interview

Executive number two defines and is convinced that Corporate Social Responsibility in general, as establishing and maintaining a win-win relationship between the business and the social parts for any business. Discarding this win-win equation can pose

a risk on businesses in some situations. His example is the contribution of tourism' workers to the 25<sup>th</sup> of January Revolution in Egypt; in his view, this was mainly because tourism major businessmen in the country neglected giving these workers their proper rights. Executive number two believes in the importance and value of having a government role in coordinating CSR initiatives by different businesses for the sake of better impact for these initiatives. Executive number two would thus, opt to selecting to operate a CSR initiative outside of the core business area of expertise, if only the government is overseeing Corporate Social Responsibility initiatives by all types of businesses. Other than that, he believes that operating a CSR initiative in the core business would be more beneficial, for the business itself and for the community. He also believes that CSR activities shouldn't be a one size fit all campaigns and initiatives, but rather customized and built on proper needs analysis studies that considers factors like the characteristics of the target population, the geographical, cultural and social setting. For healthcare entities, patients are part of the community as they are direct customers.

In his view, things get more sensitive and special when we speak about health sector, as this is a service that interacts directly and impacts human beings' health. In his view, health care promotion and awareness with the goal of prevention and target people' education, is an important form of CSR. The win part for the patients lies clearly in promoting the wellbeing while the win for the Hospital for example lies in efficient utilization of doctor's times and thus cost optimization and better productivity. Executive number two then believes that taking a bird's view; replicating and scaling such initiatives by other healthcare providers if coupled with efficient coordina-

tion and distribution of roles, will then contribute to decreasing healthcare costs in the country as a whole.

He believes that there is a positive impact in the relationship that lies in better brand value, publicity and improved customer acquisition as the Hospital will not be perceived by the public and its customers as a pure commercial entity, but in addition it has a the mission bridging a gap through solving a major social issue. He referred again to JCI accreditation standards and that although he believes that there is still much to do, Magrabi Hospital is doing way more than the minimum level, when it comes to contributing to the community. He restated the idea of being over-dependent, without much strategic alignment and integration, on the Foundation activities. He also restated what one of the Magrabi Group Board Members mentioned in one of the interviews of have monthly quota to support individuals who can't afford paying for services. Executive number two also confirmed that the hospital has no written Policy for CSR.

As the study attempted to investigate the existence of a business case for CSR in the relationship between Magrabi Hospital and Foundation, it asked three questions. The first and second, were related to the qualitative and quantitative effects of the Foundation activities, more specifically the Community Outreach Program, on the Hospital business, from both monetary and nonmonetary perspectives. The third question was regarding the integration of these activities in the Hospital plans, as a strategic option.

Built around the research questions, the following section will then attempt to extract the links between the three stages of qualitative and quantitative data collection, and the conceptual framework, as explained in chapter three of the study.



## First Stage

First stage interview and questionnaire questions aimed at exploring the existence of non-monetary business case that led to improved stakeholders relations, better customer attraction or improved reputation. The general direction of interviews answers suggests the existence of a positive impact for the activities of Magrabi Foundation outreach Program on the Hospital business.

Outreach visits helped introducing the Hospital to 74% of the respondents, almost 65% of them reside in locations that are within 150 Kilometers from Cairo and Tanta Magrabi Hospitals. The service provided by the Foundation, helped positively changing the views of about 95% of those who knew about the Hospital, before interacting with the initially provided service.

The relatively low percentages of respondents who visited the Hospital after the surgery and those who paid for a service in their visits, are consistent with the poor follow up culture in the Egyptian healthcare scene as well as the fact that there is an agreement between the two entities to provide free the follow up visits to Outreach Program beneficiaries. 75% of respondents claimed that 64 % of those who visited the Hospital after their recommendation received a paid service. Although this claim cannot be fully confirmed until backed by crosschecking their names and file numbers at the Hospital records, the notion of existence of this high percentage of recommendations and conversions, denotes a positive impact on the level of improving customer attraction and reputation, in addition to the potential monetization, represented in the 64%.

The potential of improving reputation, customer attraction and monetization, was also evident in the responses of the 90% who indicated their preference of seeking to receive a similar paid service at the Hospital, over another, based on their collective experience with the Foundation and Hospital. One last interesting point is that when asked about the first words that come into their mind when they hear the name of Magrabi Hospital, almost all responses related to the quality of service, the satisfaction from the Outreach Visit service and post surgical outcomes and that this quality was not affected by their socioeconomic status or the fact that were receiving a subsidized or free service.

### Second Stage

The break down of Month over Month Productivity Rates for cataract surgery in 2014 shows an evident trend of positive correlation between Magrabi Foundation MoM and the total MoM, except in the months of November and December, where there was a positive correlation between the productivity solely driven by Hospital and the collective MoM. This trend continued in the year 2015 as well (see Figures 13 and 14).

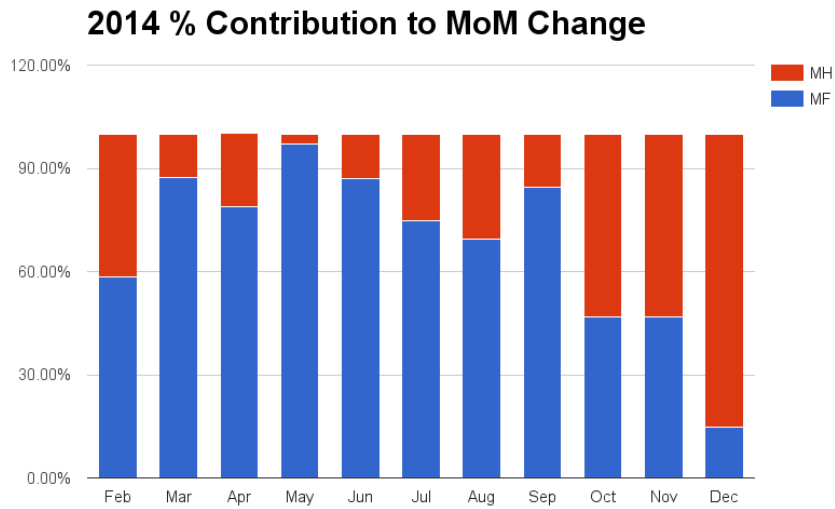


Figure 17: 2014 percentage Contribution to MoM Change

Through further analysis of the percentage contribution, it was evident that the Foundation has the majority percentage contribution to the MoM collective change, with an average of 68% in 2014, except in the last three months of the year (see Figure 17.)

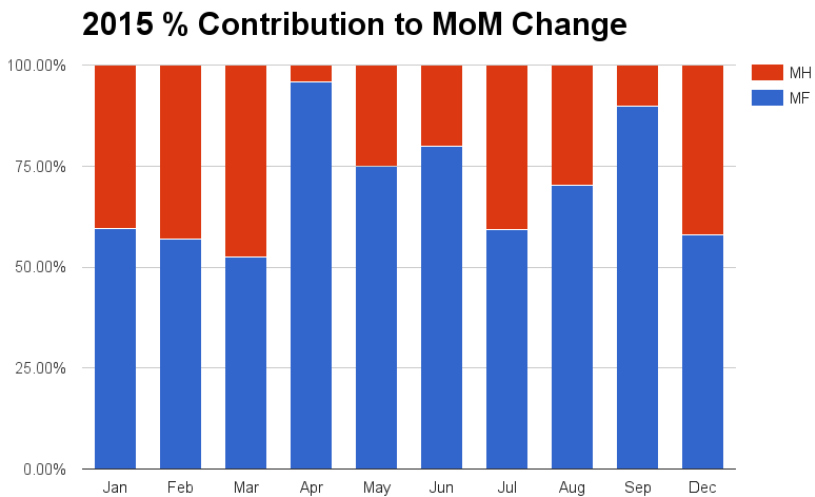


Figure 18: 2015 percentage Contribution to MoM Change

With further investigation, these three months had a majority of school students outreach visits, and school students visits usually has minimal to zero cataract win rate. The average % contribution slightly increased to 69.67%, in 2015 (see Figures 17, 18 and 19.)

Looking at the YoY rates for 2015, it is evident that the Foundation has saved the Hospital from a potential loss; while the Foundation had only a minus 2.27 YoY versus 12.07, at the Hospital (see Figure 16).

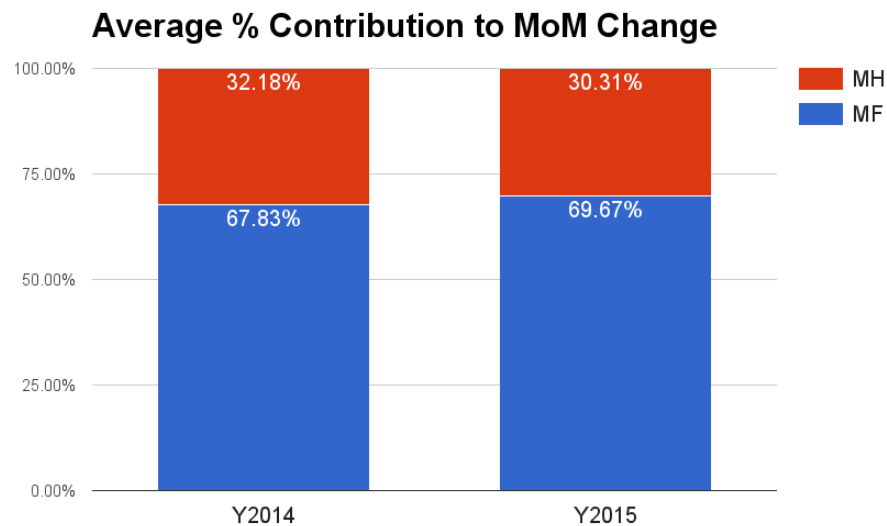


Figure 19: Average percentage of Contribution to MoM Change

### Third Stage

The third stage investigation, aimed at exploring the strategic relevance of the above qualitative and quantitative elements to the decision-making processes at Magrabi Hospital. It also aimed at assessing how Magrabi Hospital approaches CSR. The two executives demonstrated having fair knowledge and backgrounds on the subject. Their definitions of CSR were closer to the practitioners' adopted definition of

GRI than it is to academic ones. They both affirmed the sensitivity of healthcare as a service that has direct interaction with humans' health and has an essential social element (Takahashi et al, 2013).

They both believe that in the context of the hospital it was better to operate CSR initiatives within the core business and area of expertise. The motives behind engaging in CSR related initiatives were not consistent between Board members – as illustrated in the desk research section- and the executives; Hospital's social role was deemed a business model for the future, social entrepreneurship, companionate capitalism, and the first reason why the firm existed. It was also deemed a tool for gaining competitive advantage and improving reputation. Executive number one mentioned the religious motive that was discussed by Jamali et al (2010) more than once. Executives' views on how we should the Hospital approach CSR were consistent with the liberal win-win approach.

However, their understanding of this win-win approach varied. Executive number believes more in an indirect outside approach through which positively affecting the external surrounding environment will have a positive impact on the business. He also identified CSR as a risk management tool (Kytte and Ruggie, 2005).

The collective assessment of executives' views in relevance to Hospital's CSR strategy, based on the CSR Action Types of Jamali et al (2010), puts the Hospital in the category of cause related philanthropy as:

- The Hospital is associating itself with a specific NGO that has a particular social cause;
- The hospital is supporting a social cause that is within its core business;

- The main target is the society in general; not systematically using it to gain a competitive advantage and not leveraging it in improving or expanding operations;
- Expectations are confined to the notion of improving reputation and building a better brand value;

Finally, the third stage also showed an evident lack of consensus and common organizational understanding for what Corporate Social Responsibility really means, in general, and for the Hospital. The lack of a written CSR policy can denote either less strategic importance or most probably, over-dependence on the Foundation as indicated in executives' opinions.

## **Chapter 6: Conclusion and Recommendations**

This study aimed at investigating the existence of a business case of CSR in private hospitals in Egypt. More specifically, the study attempted investigating the existence of a business case of CSR in the relationship between Magrabi Hospital and Magrabi Foundation. To achieve this, the study tried to answer three questions. The first question was related to evaluating the qualitative element for the business case, and the study provided an answer to that through interviewing Magrabi Foundation beneficiaries. Beneficiaries' answers denoted a positive effect for the Foundation activities on the Hospital business, from the notions of nonmonetary impacts, including customer attraction and retention as well as positive brand perception. On the other hand, the second question was about evaluating the quantitative element of the business case, represented in the comparison of Month over Month cataract surgery productivity contributions between the Hospital and the Foundation. This comparison proved again a positive effect on the level of potential monetary impacts, whether by profit maximization or cost reduction and prevention of potential loss. Lastly, the third question aimed at investigating the strategic relevance of the previous components as well as knowing how Magrabi Hospital approaches the concept of CSR. The study answered this, through the interviews with the Hospital senior executives. Despite the existence of a gap on the level of integrating the activities of the Foundation in their strategic plans, these executives acknowledged the existence of a positive effect for the Foundation on the Hospital, especially on the level of nonmonetary impacts like serving as a tool for indirect marketing, and improving reputation.

The empirical evidence provided in this study, strongly suggest the existence of a business case in the relationship between Magrabi Hospital and Magrabi Founda-

tion. The triangulation of data is represented in collecting qualitative and quantitative data and backing this up with the opinions of the senior executive team members. This is in spite of the current minimum strategic alignment and integration between Magrabi Hospital and Magrabi Foundation, in terms of working together to drive a benefit for the business and society, in the field of eye health services. Saying that, further investigation of the relationship is needed, to add more elements and indices to the evaluation, including not only the benefits but also the expected costs from engaging in similar interventions. The lack of strategic integration was suggested pose a negative impact on the Foundation and the Hospital, in the form of missed opportunities on both sides.

## 6.1 Recommendations

As the study suggests a positive case for CSR in an Egyptian private hospital context, it's worth taking a further step and laying out a practical preliminary framework for improving the existing model and generally for developing a successful CSR initiative that can solve a health social challenge and benefit hospital business.

The framework is considered a fourth step after the perused qualitative evaluation, quantitative evaluation and the attempt to evaluate of the strategic relevance of the above evaluation components.

The suggested framework is composed of three elements:

1. Guidance for developing a working model
2. Selecting the right intervention
3. Role of the management



## 1. Guidance for developing a working model

- The start should be acknowledging:
  - The special features of healthcare, being a service that directly interacts and can affect the lives of human beings.
  - Healthcare providers are established in the first place to achieve a social mission which is treating the sick (Takahashi et al, 2013)
- There might exist short term gains on the level of improved hospital reputation but the voluntary philanthropic approach will not be sustainable on the long run, because of many reasons, most importantly the following:
  - Potential fluctuation the given support or participation in initiatives at times of financial instability, thus affecting the cause.
  - Potential inefficient resource utilization by the NGOs
  - Potential lost opportunity of properly leveraging the initiative to achieve business goals
- Corporate Social Responsibility in a private hospital setting fits well under strategic integration and even strategic innovation types, as with proper utilization it can serve to improve business operations, and it goes without saying that business models can be built around a health issue
- For better results, to all stakeholders, CSR interventions has to be built around a comprehensive Community Needs Assessment CNA in the area of interventions, to avoid missing opportunities or operating in vain.
- This CAN should pave the way for initiating wide community awareness around the initiative through the right communication channels

- Interventions, should also be built after systematic mapping of current and past initiatives by other hospitals, so that you either build on a previous accomplishment, avoid a hurdle or complement an ongoing effort
- Hospitals are best positioned to adopt an intervention in its core business and area of expertise.

## 2. Selecting the right intervention

- It's necessary that the intervention will help to solve a pressing health issue that sometimes is beyond the capacity of the sole efforts of governments and needs the experiences of private and nongovernmental players;
- This pressing health issue should be relevant to the geographical and socioeconomic circumstances; cataract is a perfect example;
- Supporting the sustainability of initiative should come from the operation of business itself, including the intervention, and not from a donation-based system;
- The intervention that solves the health issue can be easily streamlined across the business and is not being temporarily done for the sake of the CSR initiative;
- It has then to be scalable; so that increasing the volume of services can bring benefits on the level of cost reduction and more efficient resource utilization.
- It has to have a clear cost structure and reasonable margins that allows for subsidized price packages
- A multitier pricing strategy should be adopted that allows for providing the core service, with the same quality, to the well off as it provides it to the underprivileged;

- An objective subsidy system that crowd sources the capabilities of different community actors should be adopted to avoid abusing the system and ensure the subsidized or free service is delivered to those who really need it

### 3. Role of the management

- Management should ensure alignment with shareholders' interests, motives and believes;
- Hospital management has to take an informed conscious decision on whether it will engage in a CSR initiative or not;
- Hospitals should then start by ensuring the fulfillment of their internal CSR, mainly by:
  - Ensuring employee' engagement in the decision making around the initiatives, across the organizational structure
  - Ensuring a fair work environment.
  - As CSR is thought to improve employees attraction and retention (Weber, 2008), it's important to engage employees in CSR initiatives whenever possible.
- Hospital management should then peruse proper positioning by asking the right questions and adopting the CSR approach that best fits its strategic goals and objectives;
- Management should ensure setting clear goals and effective indicators to evaluate the qualitative and quantitative, monetary and nonmonetary impacts;
- These clear goals and objectives should be linked directly or indirectly to the expected business and social outcomes, building on the frameworks of Weber (2008) or Knox and Maklan (2004).

Future research beyond Magrabi Hospital, should aim for developing a model, through which private hospitals can accurately evaluate the pros and cons from engaging in CSR initiatives in order to take more effective and informed decisions.

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## Annexes

### Annex 1: Beneficiaries Phone Questionnaire Questions

#### Arabic Version

هل كنت تعرف عن المستشفى قبل تقديم الخدمة/ القافلة؟	
لا	نعم
هل ساهمت القافلة في تغيير وجهة نظرك عن المستشفى؟	
لا	نعم
هل كانت الخدمة مدفوعة أو مجانية؟	هل كان التغيير ايجابيا أو سلبيا؟
لا	نعم
هل قمت بزيارة المستشفى بعد العملية للحصول على خدمات أخرى؟	
لا	نعم
هل كانت الخدمة مدفوعة أو مجانية؟	
لا	نعم
هل نصحت آخرين بالحصول علي خدمة أخرى؟	
لا	نعم
هل كانت الخدمة مدفوعة أو مجانية؟	
لا	نعم
هل تفضل مستشفى مغربي على مستشفى آخر للحصول على خدمة مدفوعة مماثلة؟	
لا	نعم
ما هي الكلمة الأولى التي تخطر في ذهنك عند سماع اسم مستشفى مغربي؟	

#### English Interpretation

<b>Did you know about Magrabi Hospital before receiving the service provided by the Foundation?</b>			
<b>Yes</b>		<b>No</b>	
<b>Did the service contribute to changing your views on the hospital?</b>		<b>Did you visit the Magrabi Hospital after the initially provided service to obtain another?</b>	
<b>Yes</b>	<b>No</b>	<b>Yes</b>	<b>No</b>
<b>Was it a positive or negative change?</b>		<b>Was it a paid or free service?</b>	
<b>Did you visit the Magrabi Hospital after the initially provided service to obtain another?</b>			
<b>Yes</b>	<b>No</b>		
<b>Was it a paid or free service?</b>			
<b>Did you recommend the service to others?</b>			
<b>Yes</b>		<b>No</b>	
<b>Was it a paid or free service?</b>			
<b>In the future, would you consider Magrabi Hospital to get a similar paid service over another hospital?</b>			
<b>What is the first word that comes into your mind when you hear the name of Magrabi Hospital?</b>			

## Annex 2: Top Management In-depth Interviews' Main Questions

### English Interpretation

- What is your definition for Corporate Social Responsibility?
- What are the reasons for supporting Magrabi Foundation outreach activities as a nonprofit?
- Do you see any strategic relevance from engaging in those activities?
- In your opinion, are there any positive impacts from supporting the outreach activities of the Magrabi Foundation? on the levels of:
  - Financial Returns
  - Cost and Risk Reduction
  - Gaining a Competitive Advantage
  - Improving Reputation
- Do you have a written CSR Policy?

### Arabic Version

مقابلات مع ثلاثة مسؤولين تنفيذيين الإدارة العليا في مستشفى مغربي

- ما هو تعريفك للمسؤولية الاجتماعية للشركات؟
  - ما هي الأسباب لدعم أنشطة التوعية مؤسسة مغربي باعتباره منظمة غير ربحية؟
  - هل ترى أي أهمية استراتيجية من الانخراط في هذه الأنشطة؟
  - في رأيك، هل هناك أي آثار إيجابية من دعم أنشطة التوعية لمؤسسة مغربي؟ على مستويات:
    - العوائد المالية.
    - الحد من التكاليف و المخاطر
    - اكتساب ميزة تنافسية
    - تحسين السمعة
- هل لديكم سياسة مكتوبة تخص المسؤولية الاجتماعية للشركات؟