The Impact of Corporate Social responsibility toward employees on company Performance: A Jordanian study

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Abstract
Corporate social responsibility has a positive impact contributions to the development of society and businesses performance. The growing concentration to CSR is based on its capability to influence company performance. The CSR movement is diffusion over the world and in the recent years a large number of methods and frameworks have been developed, the majority being developed in the West. The current research focuses on the relationship between CSR and Jordanian Uomneh telecom company performance.

Methodology: A case study questionnaire was administered to 120 participants in a large modern regional telecom company over a month in 2014, with results from Likert scales analysed using descriptive analysis, means and SDs to tabulate and analyzed.

Results: Analysis of 101 suitable responses among company employees found a significant relationship between CSR and company performance at all the three Hypotheses
Recommendations: (1) Ensure a good psychological working place within the company and within the company by changed managerial in order to create better work place to satisfy the employees
2) Improve employee overall salary packages for employees which is based on productivity rewards.
3) To improve employees relation in Uomneh company devise an efficient means collaboratively to evaluate and reward the work

Keywords: Corporate Social Responsibility, Performance, Jordan Uomneh telecom company

1. Introduction

Corporate Social Responsibility as a concept entail the practice whereby corporate entities voluntarily integrate both social and environment in their business philosophy and operations. A business ventures is primarily established to create value by introduce products and services which society demands. The present-day conception of corporate social responsibility imply that companies voluntarily incorporate social concerns in their operations and communication with their stakeholders. The concept of Corporate Social Responsibility is one of ethical issues surrounding corporate decision making and behavior, therefore if a firm should undertake assured activities or refrain from doing so because they are beneficial or hurtful to society is a essential question. Social issues deserve moral concern of their own and should lead managers to consider the social impacts of corporate activities in decision making.

Today, managers of Multinational Companies(MNCs) have found a need that the society in which they operate should be provided for because their intermediate and macro have a through impact on the achievement of the corporate objectives and mission statement. The principle of all Profit-making organizations, and even the
non-profit making organizations, is to increase profit and in turn decrease cost, through best employment of available resources to achieve the best results they are able of. Profitability is an significant factor.

2. Literature Review

2.1 Corporate social responsibility towards employees

The same opportunities for rewards and development should be provided to every employee for firms to be socially responsible. Responsible employment practices with well-trained, and motivated employees, who are sufficiently rewarded – sharing in the Company’s successes should be instituted. A company that ignores this responsibility might likely face a risk of losing productive, highly motivated employees, a case in point being Del Monte A company should ensure that the work environment is safe, both physically and socially and should aim to be the employer of choice in all areas of operation. In Jordan, a number of laws are in place to help guide companies in aspects of employees and the workplace; examples take in the Employment Act (2010), and the Occupational Health and Safety Act (2006). For employee satisfaction in the workplace, some scholars have adopted Maslow’s theory and used his notion of need fulfillment to measure this factor (Naseem, Sadia & Malik, 2011). Both employee satisfaction and dissatisfaction are affected by the job environment and by how much job satisfaction is possible within it (Al-Hussami, 2008). Perceived fairness is one key factor affecting employee satisfaction and improved performance (Parvin & Kabir, 2011). Nonfinancial measures also have a significant direct effect on procedural fairness (Sharon, L. C. et. al., 2012). Job satisfaction is a complex factor surrounding different facets (Alafi et al., 2013) and subject to factors like wages or salary, working environment, management style and friendly staff relationships (Lane, Esser, Holte & McCusker, 2010). As a result, the success of an organization
can be considerably determined and affected, together with performance and profit. The significance of studies of employee is significant for human relations and management concerning both people in companies and for the scholars seeking and analyzing relationships as well as directors and shareholders (Greasley, Bryman, Dainty, Price, & King, 2005). As well impacts positively on both the perception of job satisfaction and actual employee satisfaction at work. How a supervisor acts as a role model by personal demonstration, Ellickson and Logsdon (2002) who defined the extent employees like their work as job satisfaction and later Alafi et al. (2013) agreed with this definition: his addition was to “like” as worker’s “emotional response” towards the different elements of the work.

2.2 The relationship between Corporate social responsibility and performance

A companies insiders, like managers and huge block holder may seek to over invest in corporate social responsibility for their private benefits in order to develop their reputation as good global citizens(Barnea and Rubin ,2010). There is a significant analyzed relationship between corporate social responsibility activities and corporate performance for the period of 1991 to 2003 on 650 US companies. (Blazovich and Smith ,2010) demonstrated the relationship between ethical corporate citizenship and financial performance. They also examined whether ethical corporate behaviour was associated with a market-value premium. The different results indicated a significant relationship between ethical corporate behaviour and performance. (Fiori et al., 2007)investigated the impact of voluntary disclosure about corporate social responsibility on firm’s stock prices of Italian listed companies to analyze whether it could somehow contribute to increase stock market prices.
Research conducted by (Joshi et al., 2007) they found that there is a strongly relationship between Profit Making and Social Responsibility. Profit making is the essential reason for an enterprise to extend and grow while social responsibility is the basic duty of the "state" that must focus upon the background of its stakeholders with social justice. They study concentrated that there must be continuous efforts to reduce this economic difference amongst the country; however, cases could be different. Hence, strategic innovation emerges as an imperative tool towards a globally competitive existence and performance. (Lai et al., 2010) indicated the effect of corporate social responsibility and the firm’s reputation on its brand equity in business-to-business markets from the employees viewpoints on a sample of industrial purchasers in Taiwan’s. The results supported their hypotheses that corporate social responsibility and corporate reputation have positive effects on industrial brand equity and brand performance. The researcher indicated that majority of the companies believe they should pay attention to corporate social responsibility however, the main barrier to adopt corporate social responsibility experienced cost and lack of human resources. The study stated a moderate positive relationship between CSR and performance.

(Cyrus Iraya Mwangi, 2013) stated that the relationship between corporate social responsibility (CSR) practice and firm performance with some studies showing a positive relationship. It is with this background that this study sought to establish the relationship between corporate social responsibility practice and performance of firms listed in the manufacturing, construction and related sector of the Nairobi Securities Exchange. Although the study was intended to be a census survey, non-availability of complete data for some of the companies resulted in only 10 out of the 14 companies in the sector being studied. (Georgeta VINTIL, 2013) mentioned that the notion of corporate social responsibility is established on the equal
dependence between an organization and society, as well as the indicators that influence this relationship. This study explores whether profitability and organization size have a possible influence on levels of corporate social responsibility according to the annual dates of Romanian organizations, using statistical correlations. The research found that organization size and organization profitability have an influence towards the corporate social responsibility.

Selvi et al., (2010) explored corporate social responsibility impact on company reputation in Turkey by comparing the relationship between corporate social responsibility and reputation measures before and after the financial crisis. They provided a framework for analyzing CSR. The model has two important ingredients: CSR is, at least in part, a profit motivated decision; different CSR activities are aimed at different audiences. The study examines the implications of their framework using a ‘visible’ CSR index that captures consumer oriented CSR. Research found that CSR is more prevalent in advertising intensive (consumer oriented) industries, and the effect of CSR on profits is stronger in competitive industries, especially when few other firms undertake such actions, suggesting that CSR may be used as a means of differentiation in otherwise competitive environments.

3. Objective of Study
The focus in earlier research had been on finding the results about the relationship between the CSR and performance. The factor of finding further information about CSR and Performance will make a good contribution to the body of literature. Consequently, this research aims to explore and identify strategies that affect the relationship between CSR and performance.
Research Model

<table>
<thead>
<tr>
<th>CSR towards employees</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Place</td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td></td>
</tr>
<tr>
<td>Employees relation</td>
<td></td>
</tr>
</tbody>
</table>

### 3.1 Definition of Corporate social responsibility

A definition for CSR based on the fit between business ethics and societal expectations. The current study defined the CSR as an practise from the business toward Employees where the business operate and help the with different issues like working place, employees salary, and employees relationship with their supervisor.

### 3.2 Definition of Performance

The current Research define the performance as a company achievement in result its practice of corporate social responsibility toward its employees like working place, salary, and employees relationship with Managers.
3.3 Hypothesis:

1- There is a positive relationship between the High level of working place to the employees and Umuneh telecom company performance.

2- There is a positive relationship between the High level of the employees Salary and Umuneh telecom company performance.

3- A positive significant impact showed of the employees relation with their supervision and Umuneh telecom company performance.

4. Methodology

The population of the present research covers the Uomnieh telecom company in Jordan employees. It is an important indication that Jordanan telecom company play a significant role in Jordan national company and it should be do A CSR services toward the employees to improve their quality of life. The sampling method used to collect the data is random sampling in order to avoid bias with the opinions. Samples were randomly drawn from the different level of the employees in different branches around the country. 120 questionnaires were distributed to the employees 111 returned, and the researchers found 101 valid for analysis.

4.1 Development of questionnaires

The questionnaires are designed to measure the dependent and independent variables to find the relationship between the CSR and Performance. All questions in the questionnaire are based on the three hypotheses generated for this research. The questions were designed in such a way that the respondents were able to understand and answer the questions. The model of questionnaire for CSR was adapted from Alafi (2013) as it was referring to three important variables which
affected its relationship on performance. The first independent variable contains items applying to the working place of the Company: job location, present working hours, physical working conditions (4 items). The second independent variable, Salary, includes questions about employee satisfaction with the existing salary structure of the company, compensation, other professional workers who left the job owing to unreasonable salary, level of salary, long term benefit and insurance policies (4 items). The last independent variable, the employees relations with supervisor, asked questions workplace managers acting as positive role models, attitude of managers towards relationships, right to put forward opinions, esteem and prestige between colleagues, and harmony between employees (5 items).

The dependent Variables measured The company's has a good reputation, The company achieved high return on investment, expands the company's offices in the various regions of the country as a result of increased sales, The company has a market share more than the competitors, The company provides distinctive products to the high-income people (5 items). The questionnaires consist of two sections: Section A was designed to measure the independent variables and Section B measured the dependent variables.

Participants were asked to indicate their awareness on the relationship between the CSR and company performance. A five-point Likert scale ranging from strongly disagree (1) to strongly agree (5) was used.
5. Results:

Table (1): Descriptive statistics of working place

<table>
<thead>
<tr>
<th>No</th>
<th>Item</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Working place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>The company offers a good place for their employees to work</td>
<td>4.1</td>
<td>1.12263</td>
</tr>
<tr>
<td>2</td>
<td>physical working conditions</td>
<td>3.55</td>
<td>1.0966</td>
</tr>
<tr>
<td>3</td>
<td>The work place in the company's appropriate safety</td>
<td>3.13</td>
<td>0.92451</td>
</tr>
<tr>
<td>4</td>
<td>The working hours reasonable in the company</td>
<td>3.15</td>
<td>0.93532</td>
</tr>
<tr>
<td></td>
<td>Average</td>
<td>3.48</td>
<td>0.7039</td>
</tr>
</tbody>
</table>

From the Table (1) the means range was (3.13- 4.1), the highest means was for the item “The company offers a good place for their employees to work” with a mean 4.1 and STD of (1.12263) while the lowest average was 3.13 with STD of (0.92451) and overall mean was (3.48) with STD of (0.7039)

Table (2): Descriptive statistics of salary

<table>
<thead>
<tr>
<th>No</th>
<th>Item</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Salary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>My payment compared to the work that I do is satisfying.</td>
<td>3.9</td>
<td>1.07063</td>
</tr>
<tr>
<td>6</td>
<td>My pay encourages me to improve the level of quality of my work.</td>
<td>3.12</td>
<td>1.01445</td>
</tr>
<tr>
<td>7</td>
<td>Employees that care about companies objectives are rewarded.</td>
<td>3.6</td>
<td>1.01583</td>
</tr>
<tr>
<td>8</td>
<td>I feel a lot of loyalty to my company.</td>
<td>3.80</td>
<td>1.00257</td>
</tr>
<tr>
<td></td>
<td>Average</td>
<td>3.60</td>
<td>0.6413</td>
</tr>
</tbody>
</table>
From the Table (2) the means range was (3.6- 3.80), the highest means was for the item “I feel a lot of loyalty to my company” with a mean 3.80 and STD of (1.00257) while the lowest Employees that care about companies objectives are rewarded with a mean of (3.6), and STD of (1.01583) overall mean was (3.60) with STD of (0.6413).

Table (3): Descriptive statistics of employees relations

<table>
<thead>
<tr>
<th>No</th>
<th>Item</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>The harmony between employees very high.</td>
<td>3.40</td>
<td>1.17063</td>
</tr>
<tr>
<td>10</td>
<td>good relations between employees and supervisor,</td>
<td>3.55</td>
<td>1.01445</td>
</tr>
<tr>
<td>11</td>
<td>esteem and prestige between colleagues</td>
<td>3.80</td>
<td>1.11583</td>
</tr>
<tr>
<td>12</td>
<td>managers acting as positive role models</td>
<td>4.2</td>
<td>1.03257</td>
</tr>
<tr>
<td>13</td>
<td>right to put forward opinions,</td>
<td>3.4</td>
<td>1.01654</td>
</tr>
<tr>
<td></td>
<td>Average</td>
<td>3.67</td>
<td>0.6813</td>
</tr>
</tbody>
</table>

From the Table (3) the means range was (3.4- 4.2), the highest means was for the item “managers acting as positive role models” with a mean 4.2 and STD of (1.03257) while the lowest right to put forward opinions with a mean of (3.4), and STD of (1.01654) overall mean was (3.67) with STD of (0.6813).
From the Table (4) the means range was (3.60- 4.20), the highest means was for the item “My company achieved high return on investment.with a mean 4.20 and STD of (0.72370) while the lowest The company achieved a high annual profit with a mean of (3.60), and STD of (0.70311) overall mean was (3.94) with STD of (0.74542).

6. Discussion

Work place was also confirmed to have significant influence in umneh telecom company for aspirations for higher pay, also consistent with findings by Alafi et al., 2013). A high-quality working place, answering lower order needs first of all, guarantees security and stability (Safety) followed by relationships in working groups (Love and Belongingness).

These results above may suggest that management and policy makers should seriously consider providing their employees with varied or new types of facilities as in order to give them more job satisfaction findings indicated that most employees were satisfied with the majority of factors tested in the current study: "working place, salary, employees relations which was the primary motivator for employee satisfaction, this consistent with the previous findings coefficient of
Parvin and Kabir (2011). Also the result of the current study showed a high level of the significant impact relationship between CSR and company performance which consistent with Research conducted by (Joshi et al., 2007) they found that there is strongly relationship between Profit Making and Social Responsibility. Profit making is the essential reason for an enterprise to extend and grow while social responsibility is the basic duty of the "state" that must focus upon the background of its stakeholders with social justice.

7. Implications for management

The significant findings of the current study about the relationship between CSR and performance have implications in terms of companies management policies. From a management practice perspective, companies need to adopt modern Corporate social responsibility practice to achieve a high performance in a world increasingly demanding of social justice. This adoption of modern CSR practices should maintain or increase profitability based on the findings of the current study. The results of the current study suggest that the good relationship between employees and management ensure a safety working place to the employees will achieve high profit making and extend the company market share and high reputation which mean practice the corporate social responsibility toward the employees increase the company performance.

7.1 Limitations of the Study

Participant bias prevents a high percentage of accuracy. Generalization of data to all Jordanian telecom companies employees is not possible from a single company.

7.2 Future Research

Opportunities for future research exist in investigate other factors affecting companies performance, and also the other factors of employees satisfaction its possibility affecting the company performance.
7.3 Recommendations
On basis of the above analysis of three CSR activated toward the employees on the telecom company, the results suggest the following recommendations to managers of the Uomneh telecom company to increase performance:
1) Ensure a good psychological working place within the company and within the company by changed managerial in order to create better work place to satisfy the employees.
2) Improve employee overall salary packages for employees which is based on productivity rewards.
3) To improve employees relation in Uomneh company devise an efficient means collaboratively to evaluate and reward the work performance of the best employees, marking out clear career paths to encourage workers and demonstrate.
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