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The Impact of Corporate Social Responsibility on Companies Perceived Performance: A Comparative Study between Local and Foreign Companies in Jordan

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ABSTRACT

This study aimed at answering a question that has been a topic of academic interest for several years, albeit receiving inadequate attention in the Jordanian literature. Particularly, the question if there was an impact of Corporate Social Responsibility (CSR) on the perceived business performance of two groups of companies in Jordan, local and foreign. Two more questions were interwoven to this issue, and these were investigating the extent to what companies were practicing the CSR, and if there were differences in the perceived business performance due to some companies' characteristics such as capital, number of years in business, economic sector, and number of employees.

A quantitative methodology was followed and data were collected out of 83 questionnaires. Different types of analysis were employed to test the research hypotheses; independent and one-sample t-test, multiple regression analysis and ANOVA. The study ends up with the following main findings:

First: CSR was implemented among companies with differences in the practices of the environmental part of CSR, where foreign companies showed positive implementation while the local showed negative implementation.

Second: there was a significant positive impact of CSR only on marketing performance.

Third: this relationship did not differ when a comparison between two samples was conducted.

Fourth: the analysis showed that only the perceived economic performance differs due to the type of industrial sector to which these companies belong.

Keywords: Corporate Social Responsibility, Business Performance.

INTRODUCTION

A new trend of growing importance in the world is the tendency towards a more socially responsible business. In today's environment of global competition and open market, the wider aim of Corporate Social Responsibility (CSR) is to create higher standards of living, while preserving the profitability of the corporation, for people both inside and outside the firm (Hopkins, 2004). Since being socially responsible involves costs, CSR should generate benefits as well in order to be a sustainable business practice (Tsorouta, 2004). Business, however, has long debated whether the level of companies' involvement with their society may affect their business performance.

In view of that, the main purpose of the study is to investigate whether CSR has an impact on the business performance as perceived by companies. The study aims also at finding out the differences in the impact of CSR on business performance between the local and foreign companies, and if there are differences in the perceived

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business performance due to companies' characteristics.

This study is significant for several reasons; although CSR is a common practice in the developing countries, it is unclear as a concept in Jordan. Ararat (2006) results suggest that Jordanian laws, as drivers to CSR in Jordan, may be the reason behind socially responsible acts by these companies, where companies may engage in CSR practices without being aware that these practices are actually part of what is called "CSR". Besides, more investments have recently targeted Jordan from all over the world especially from developed countries, where CSR activities are clearly set in companies' policies. Accordingly, the study is trying to shed light on the CSR practices of some foreign companies operating in Jordan in comparison to those of local ones. By comparing between the practices of these two samples, the study attempts to investigate if there are any differences in the activities they have and to attempt to understand these differences.

Study Problem

This study aims at finding out the impact of companies' social responsibility on their perceived business performance. Reviews of the literature often find the studies dissimilar in their findings (Orlitzky et al., 2003). Some come up with positive results confirming the relationship between corporate social responsibility and business performance, and some find insignificant relation between these variables. Ararat (2006) study reveals that CSR in Jordan is generally driven by increased international and local competition due to liberalization, concerns for efficiency and productivity. Unlike most of the counties being assessed in the literature, there are no agreed upon rating criteria that assess the CSR in Jordan.

In view of that, the study aims at answering the following questions:

1. To what extent are local and foreign companies in Jordan are practicing the CSR?
2. Are there significant differences in the implementation of CSR between the two samples in the study; local and foreign companies in Jordan?
3. Is there any impact of companies' CSR on companies' perceived business performance?
4. Are there significant differences in the relationship between CSR and the perceived business performance among the two samples in the study; local and foreign?
5. Are there differences in the perceived business performance due to the different characteristics of companies?

Definition of Corporate Social Responsibility

There are different definitions for CSR in the literature. The World Bank provides the following definition for this concept: "Corporate Social Responsibility is the commitment of business to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development" (Topics in Development, Corporate Social Responsibility, www.worldbank.org). Being socially responsible does not only mean fulfilling legal expectations, but also goes beyond compliance and invests more into human capital, the environment, and the relations with stakeholders (Green Paper). Stakeholders can be defined as a broader group of interested parties. These include not only shareholders, but also employees, customers/consumers, suppliers, communities, and legislators (wbcsd.org).

CSR generally refers to the compliance with legal requirements, respect for people, communities, and environment (Elian, 2005).

Al-Ghaliby and Al-Amery (2008) state that CSR is a result of interconnection among several factors that include the increasing pressure in the community, which results from the growing number of business organizations in the world. These organizations are required to contribute to the welfare of their communities and to satisfy people at these communities, who are becoming more aware of their needs and their society's requirements.

Based on CSR definitions in the literature, this study defines CSR as the interrelated link between society and organization, where the organization behaves in a way that builds a balance between its main goal of maximizing profit and between achieving the welfare of the whole society and all its stakeholders. The basic idea of CSR is that business and society are interwoven rather than distinct entities; therefore, society has certain expectations for appropriate business behaviors and outcomes.

The Trend towards Corporate Social Responsibility

Companies behave in socially responsible manner for different reasons:

1. **CSR practices are legally binding**: corporations in different sectors in Jordan implement a variety of activities that promote socially responsible business practices, which can be categorized as legally binding, such as social security for employees and environmental safety.

2. **CSR benefits exceed its cost**: Being socially responsible involves cost. These costs may involve the purchase of new environmental friendly equipment, the change of management structure, or the implementation of stricter quality control (Tsoutsoura, 2004). In most cases, the company will bear this cost, where this will be one of three options the company has to finance this investment (Al-Ghaliby and Al-Amery, 2008). The other options are either through adding a margin on the prices of companies' products, or by getting donations or tax clearance from government, where governments have traditionally assumed sole responsibility for the improvement of the living conditions of the population. Therefore, and as the main aim of business is to generate profit, CSR shall not contradict with this aim. Companies may engage in such activities if the perceived, measured or unmeasured, benefits exceed the associated costs in the view of the decision-making entity (Paul and Siegel, 2006).

3. **Reduce the room for conflict**: Corporate social responsibility is a topic of a high importance in the world. Hopkins (2004) believes that CSR shall be practiced in developing countries, since it will provide a peaceful approach to resolving problems occurring in these countries, such as the conflict in the Middle East. He believes that if companies and institutions reflect more on CSR, the room for conflict must be reduced.

4. **A Differentiation Method**: Although developed countries are more aware of social responsibility issues, some of their companies are recently faced by an increased competition in the international world (Al-Ghaliby and Al-Amery, 2008). Corporations are trying to conduct some activities for community's development to gain better reputation in that market and to win the competition.

In recent decades, the world has witnessed new forms of CSR, where companies have started taking part in voluntary activities by supporting social organizations and by taking part in public activities (Obeidat, 2003). As firms become global citizens, they develop, to a certain degree, a sense of ownership of their different markets. This, in turn, breeds loyalty towards these markets (Manakkalathil, 1995).

Forms of Corporate Social Responsibility in Jordan

Some companies are directly or indirectly involved

in one or more socially responsible activities, such as environmental protection, use of energy saving programs, or employees' rights. Ararat (2006) study revealed that CSR in Jordan is generally driven by increased international and local competition due to liberalization; concerns for efficiency and productivity. However, there is a growing governmental concern on CSR. Her Majesty Queen Rania is a well-known advocate of CSR and very concerned on this issue in Jordan. Her Majesty Queen Rania stresses on the role of the private sector on achieving CSR objectives**.** Tight budgets mean tough choices so as not all development needs can be met by governments nowadays. Her Majesty believes that CSR has moved from a trend to a way of doing business and then to criteria for success in the global economy. **I**n her speech at the University of Jordan in 2008, which she has delivered upon receiving an honorary doctorate in Educational Sciences, her majesty has stressed that CSR is the responsibility of all Jordanians: Some of us may lose sight and find it difficult to focus and define where to start, or how to participate in influencing society. Others may believe that social responsibility is for others and overlook the fact that those participating do not take the place of those who are not. Building our future is a social responsibility that excludes nobody.

Moreover, some non profit and public organizations in Jordan encourage the social responsibility among companies by organizing some projects that enhance their social responsibility. The Jordan Network for Environment Friendly Industries (JNEFI), for example, organizes a recycling project that aims at distributing the waste at these companies in a way that enables it to be recycled later. There is also a trend in Jordan towards energy saving and the use of renewable energy. Jordan Enterprise Development Corporation (JEDC) in cooperation with national and private centers supports companies to achieve the optimal use of energy by programs such as the conversion to natural gas, energy saving and the use of renewable energy. Moreover, there is an increasing trend towards acquiring international environmental and quality control certificates, such as the ISO 1400, HACCP and OHSAH 18001.

Some companies in Jordan have engaged in community engagement activities such as helping poor people, planting trees on the streets sidewalks and supporting education activities.

LITERATURE REVIEW

Some foreign and few Jordanian studies have investigated the relationship between the social responsibility of business and some aspects of companies' business performance. Over the years, a growing number of foreign studies have examined the relationship between social responsibility of business and companies performance. Most of these studies have investigated environmental and social performance as factors of CSR.

The results of several studies supported a positive relationship between CSR and the firm's financial performance (e.g., Wu, 2006; Tsoutsoura, 2004). However, other studies provided conflicting results, suggesting that firms might incur costs from socially responsible actions that put them at an economic disadvantage compared to other, less responsible firms (e.g., Moore, 2001). Therefore, there was no clear direction for companies regarding the benefit of CSR and the investment on it.

The research studies on the impact of CSR on business performance have found mixed results. Examples of these studies are the study of Wu (2006) and Nelling and Webb (2006). Wu (2006) study concentrated on the perception of respondents and that was similar to this study, where the perception of

companies' decision makers was taken into consideration. While Wu (2006) study revealed a positive relationship between CSP and financial performance measures that were stronger predictors than marketing-based measures, Nelling and Webb (2006) study suggested no longer relationship between CSR and business performance.

Chahal and Charma (2006) and Brammer and Pavelin (2006) have measured marketing performance using dimensions including reputation, sales, and market share which are the same measures used in this study. Chahal and Sharma (2006) study found that the adoption of CSR could help the managers understand the impact of CSR in reputation and ultimately financial performance. The opposite was correct as well.

Brammer and Pavelin (2006) analyzed the relationship between CSR and one perspective of marketing performance, reputation. A positive effect was found between CSR and reputation in some sectors and a negative one with other sectors. In Jordan, however, few studies have addressed the CSR. These studies could be classified into two groups; one assessing the nature of CSR in Jordan examining to what extent CSR is practiced in the country, and a second group that contained few studies assessing the relationship between CSR and business performance. Elian (2005) study investigated well-known companies from various economic sectors aiming at exploring the extent of CSR activities and practices in Jordan. It came up with the conclusion that there was no clear definition of CSR by Jordanian companies. Corporations in different sectors in Jordan adopted a variety of voluntary initiatives to promote socially responsible practices in Jordan.

Elaian (1994) study aimed at examining to what extent social responsibility was adopted by Jordanian companies, and how that might affect the performance of these companies. The study found that the Public Shareholding Companies (PSC) took part in social responsibility through community engagement practices and incentives offered to their employees, without having clear philosophy towards social responsibility issues. The study revealed a relationship between CSR and performance.

STUDY METHODOLOGY

Measuring Instrument: A three-part questionnaire was formed and delivered to participants in different ways; per e-mail, per fax or by hand. The first part of the questionnaire focused on the characteristics of companies with respect to capital, number of years in business, economic sector, and number of employees. A question about nationality was also included for comparative analysis objectives.

The second part contained questions about company's business performance, where business performance items were measured as a horizontal analysis in comparison to counterpart companies in the market, on one hand, and as a vertical analysis by comparing the performance of company at the current year to that of the previous two years on the other hand. To measure these questions, participants were instructed to rate each item in terms of their perceptions of performance in each item. A three-point scale was used.

Part three contained questions about CSR along with instructions on how to rate each item. A five-point likert scale was used.

Research Sample: The study covered two types of companies in a comparative manner. These are local companies registered at the Companies Control Department, (CCD) in the period from 2000-2007 and foreign companies, where foreign operative companies registered at the CCD were selected. Due to the fact that some of these companies were in the process of being

ceased or liquidated and where other companies were only operating in Jordan for a couple of years with an aim to achieve a specific project and then to continue following up other projects in other countries from this location, it was infeasible to study these companies, and thus population was extended to cover foreign companies registered from 2007-2008. Seven foreign companies were found to operate more than one business in Jordan. Accordingly, the study collected responses for each of these businesses in order to get more observations.

The target sample was 361 local companies and 71 foreign companies. The study ended up with 83 responses, among which 51 were local and 32 were foreign. A total of 81 questionnaires were usable, where other questionnaires were partially filled. Four other foreign respondents have left the part with the business performance questions blank or partially blank, but answered most of the CSR part. For that reason, these questionnaires were only included in the descriptive analysis, and in evaluating the first two hypotheses. They were excluded when evaluating hypotheses (3), (4) and (5), since at this part the business performance was included in the analysis as a dependent variable. Table (1) shows the classification of samples as per nationality. Foreign companies were classified into four nationalities.

Table (1) : Nationality

Num	ITEM	FREQUENCY	PERCENTAGE %
1	Jordanian	51	61.5
Total		**51**	**61.5**
Foreign			
2	Arabian	10	12.0
4	European	15	18.1
5	Others	7	8.4
Total		**32**	**38.5**
Total (all)		**83**	**100**

Companies' Characteristics: In order to investigate differences in the companies studied, participants were segmented into a number of groups according to the firm's capital, years in business, sector, and number of employees. Table (2) shows the characteristics of these companies.

Table (2): Characteristic of Studied Companies

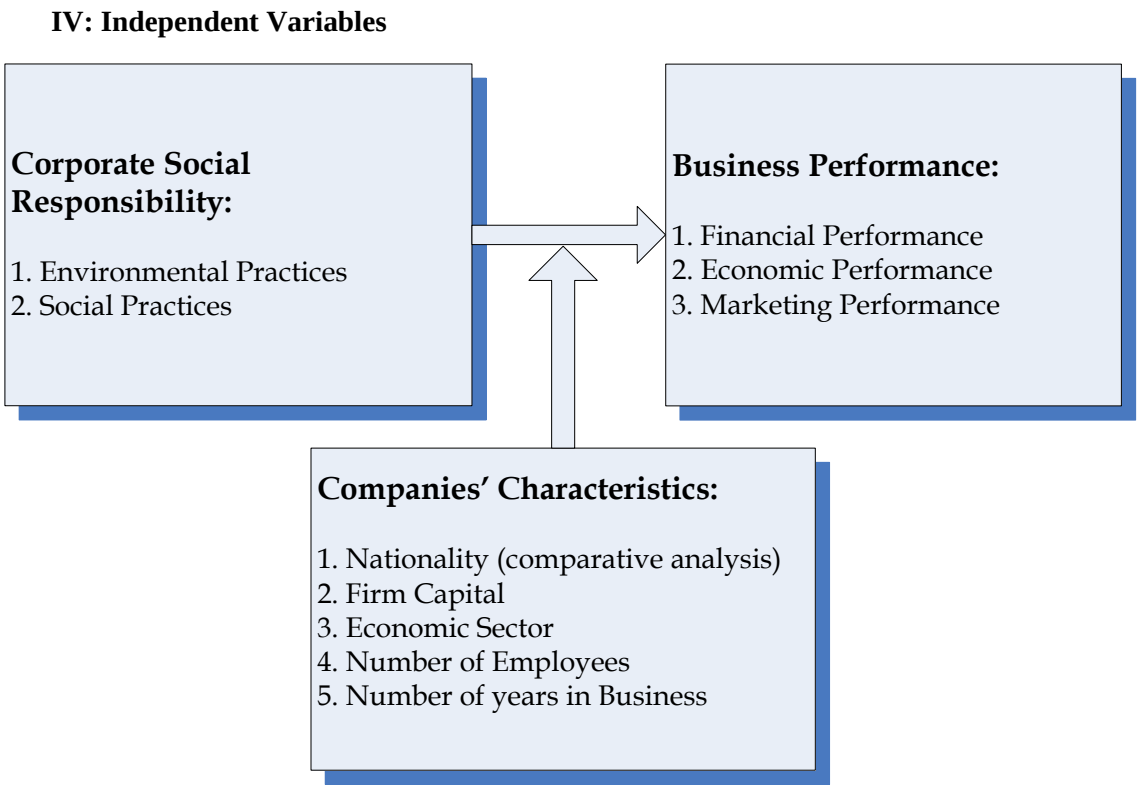
Firm Type	**Local**		**Foreign**	
	Frequency	**Percent**	**Frequency**	**Percent**
Capital				
30.000-50.000 JD	11	22.0	5	16.13
150.001-350.000 JD	3	6.0	1	3.22
350.001-550.000 JD	3	6.0	1	3.22
550.001-850.000 JD	4	8.0	1	3.22
850.001-1.000.000 JD	3	6.0	0	0
1.000.001-1.500.000 JD	4	8.0	9	29.00
More than 1.500.000 JD	22	44.0	12	38.71
Number of years in Business				
Less than 3 years	2	4.0	2	6.5
3-5 years	20	40.0	13	41.9
6-8 years	11	22.0	5	16.1
More than 8 years	15	30.0	9	29.0
Missing Responses	2	4.0	2	6.5
Sector				
Industrial	25	50.0	4	12.9
Services	9	18.0	21	67.74
Construction	4	8.0	2	6.451
Trade	11	22.0	2	6.451
Agriculture	1	2.0	0	0
Number of Employees				
1-9	7	14.0	3	9.7
10-49	11	22.0	13	41.9
50-249	19	38.0	4	12.9
250 or more	11	22.0	9	29.0
Missing Responses	2	4.0	2	6.5
Total	**50**	**100**	**33**	**100**

The majority of both local and foreign companies had a capital exceeding 1,500,000 JD. As for the number of years in business, the largest number of companies has been operating in Jordan for 3-5 years for both groups. The majority of foreign companies were in the service sector (67.7%) in comparison to the Jordanian companies that were mostly in the industrial sector (50%). The majority of foreign companies were

for companies with 50-249 employees, formally considered medium sized enterprises, with a percentage of (38%). The situation was different in terms of foreign companies, where companies with 10-49, small enterprises appeared in the first place with a percentage of (41.9 %).

Research's Model

Literature review is used as a solid foundation for developing the study model and the research hypotheses. Figure 1 shows the research model:



Research Hypotheses: Derived from the literature review and the previous studies, the study hypotheses are formed in two parts; a group of hypotheses testing the practices of CSR, and another group that includes hypotheses assessing the impact of CSR on the perceived business performance.

Group (1):

H01: Local and foreign companies in Jordan do not practice corporate social responsibility.

H02: There are no significant differences in the implementation of CSR between foreign and local companies in Jordan.

Group (2):

H03: There is no significant relationship between the implementation of Corporate Social Responsibility and companies' perceived business performance.

H04: There are no significant differences in the impact of the implementation CSR on perceived business performance between local and foreign companies.

H05: There are no significant differences in the impact of the implementation of CSR on perceived

business performance attributed to some companies' characteristics (i.e., capital, type , number of employees, and experience).

Descriptive Analysis

Descriptive analysis was used to assess the results obtained from the questionnaires as listed in table (3).

Table (3) Perceived Performance

	Section I Horizontal Analysis			Section II Vertical Analysis		
Items	**Mean**	**SD**	**Ranking**	**Mean**	**SD**	**Ranking**
Economic Performance						
Productivity	2.414	0.577	2	2.814	0.392	1
Export Percentage	1.886	0.578	11	2.271	0.588	10
Marketing Performance						
% of Sales in Market	2.100	0.662	5	2.729	0.536	2
Local Sales				2.714	0.515	3
Reputation in Market	2.471	0.557	1			
Market Share	2.043	0.646	7			
Financial Performance						
Profitability Measures						
Gross Profit Margin	2.057	0.535	6	2.486	0.676	7
Return on Equity	2.114	0.626	4	2.286	0.684	9
Liquidity Measures						
Current Ratio	2.043	0.549	8	2.571	0.604	5
Liquidity Ratios	1.971	0.563	10	2.543	0.606	6
Working Capital	2.129	0.587	3			
Activity Measures						
Inventory Turnover	2.000	0.510	9	2.300	0.598	8
Accounts receivables turnover				2.586	0.551	4
Solvency Measures						
Debt Ratio				2.114	0.649	11

4 questionnaires were excluded as they have partially responded to the business performance questions.

It was found that the responses to most of the questions were positively answered, where 20 out of 22 questions were above (2); the mid point of the three-points scale. Marketing performance questions scored the second and the third highest ranking in section (1) and the first position in section (2), which indicated that companies showed good

marketing performance. Financial performance of companies was mostly above average, revealing that companies' financial situation was good. The only financial performance factor that was below the mean was the liquidity ratio in section (1).

As for the economic performance, the responses were different, where the productivity of employees scored high mean indicating that employees' productivity was improved in comparison to the previous two years and was better than that of counterpart companies in the market. Unlike productivity, Export was in the final positions, scoring a below-average mean when compared to the counterpart companies in the market.

Two statements scored a below-average mean; liquidity ratios and exports. Liquidity ratios responses were negative and that refers to the bad liquidity financial status of these companies. Taking into consideration that the answers to companies' debt ratios ended up with positive responses; this could indicate that companies could invest their business from debt in order to face the bad liquidity they face. Regarding export (mean = 1.886), this might be the reason of differences in the economic sector, where some sectors might have relations with international markets while others might not.

Table (4) Responses to CSR Questions – Environmental Practices

Items	Both Samples		Local Sample	Foreign Sample
	Mean	**SD**	**Mean**	**Mean**
Environmental Practices				
Operations and Management / Pollution Prevention				
1 Having pollution prevention programs	3.743	1.283	3.577	4.136
2 Suppliers to meet high environmental standards	3.189	1.289	2.981	3.682
3 Use of programs enhancing the efficient use of energy	2.811	1.401	2.654	3.182
4 Seeking behaviors aiming at preserving the environment	3.676	1.172	3.635	3.773
5 Use of renewable generating energy and resources	1.946	1.181	1.808	2.273
Variable Mean:	**3.073**		**2.931**	**3.409**
Operations and Management/ Management System				
6 Acquiring ISO accreditation	3.243	1.735	3.077	3.636
7 Acquiring other Quality Control (QC) certificates	2.108	1.340	1.789	2.864
8 Planning of acquiring QC certificates in the future	3.270	1.446	3.250	3.318
Variable Mean:	**2.874**		**2.705**	**3.273**
Operations and Management / Recycling System				
9 Recycling process in production	2.811	1.382	2.635	3.227
10 Use of recycled and /or eco-friendly office supply	2.473	1.196	2.269	2.995
Variable Mean:	**2.642**		**2.452**	**3.111**

Table (4) shows companies' responses on questions assessing the CSR practices among companies. It was found that some environmental practices were not implemented, where the mean value of five of these questions was below the scale mean of (3).

Table (5) Responses to CSR Questions – Social Practices

Items	Both Samples		Local Sample	Foreign Sample
	Mean	SD	Mean	Mean
Social Practices				
Community Engagement				
11 Charitable Giving	3.946	1.157	4.077	3.636
12 Community Support Activities	3.527	1.230	3.519	3.546
13 Support for Education	3.689	1.204	3.827	3.364
14 Improving the quality of life in the community	3.581	1.147	3.692	3.318
15 Sponsoring events held by the government	3.270	1.150	3.269	3.273
16 Arranging campaigns for improving the environment	2.689	1.271	2.558	3.000
Variable Mean:	**3.450**		**3.490**	**3.356**
Workplace Issues				
17 Support the protection of human rights in workplace	4.392	0.889	4.539	4.046
18 Follow the Universal Declaration of Human Rights	4.189	1.002	4.308	3.909
Variable Mean:	**4.291**		**4.424**	**3.978**
Workplace Issues – Human Rights				
19 Enhance compliance with Human Rights principles	4.216	0.983	4.346	3.909
20 Avoid workplace discrimination in all forms	4.649	0.784	4.673	4.591
21 Ensure employees are not subject to any harassment	4.432	1.183	4.577	4.091
22 Being against employment of children	4.743	0.703	4.750	4.727
Variable Mean:	**4.510**		**4.587**	**4.330**
Workplace Issues / Employees Rights				
23 Having a strong health and safety program	4.419	0.828	4.423	4.409
24 Workers have access to basic health care	4.460	0.909	4.500	4.364
25 Ensure employees are paid sufficient wages	4.324	0.813	4.423	4.091
26 Encourage employees' participation in local community activities	3.702	1.155	3.577	4.000
27 Distribute some of its profits on its employees	2.784	1.317	2.596	3.227
Variable Mean:	**3.938**		**3.904**	**4.018**
Workplace Issues / Diversity				

Items	Both Samples		Local Sample	Foreign Sample
	Mean	**SD**	**Mean**	**Mean**
28 Understand employees' responsibility to their families	4.216	0.864	4.346	3.909
29 Encourage the employment of disabled people	2.946	1.181	3.462	4.182
30 Having women in senior executive positions	3.676	1.206	3.769	4.091
31 Promoting having women in senior positions	3.865	1.151	**3.640**	**3.762**
Variable Mean:	**3.676**		4.269	4.182
Product				
32 Long term quality program	4.243	1.083	3.500	3.727
33 Having a quality control officer	3.851	1.515	3.500	3.591
34 Having an R&D department	3.568	1.453	**3.769**	**3.864**
35 Having an R&D innovative product	3.527	1.501		
Variable Mean:	**3.797**			

The social practices questions got responses that were mostly above average. That indicated that the respondents were socially responsible. The only questions that got below-average replies were questions no. (16), (27) and (29). Question (16) was part of "volunteer program" question, and since the replies to 2 out of 3 questions measuring this factor were positive, that would not predict the reason behind this negative response. Companies were not found to share profit with employees. Companies' first goal was to maximize profit, and that could explain the reason behind not sharing profit with employees. As for question (29), "minority issue" is a sensitive issue. Disabled people might not be able to do all types of jobs. Companies under study were from different economic sectors and that might explain why this question was negative, although companies should support disabled people as much as possible.

The "Workplace Issues" questions recorded the highest variable mean among CSR questions. This was possibly because of the fact that these companies really showed good relations with their employees, or because these questions were addressed to decision makers of companies, and those would consider themselves very fair and good with their employees although that might not be the case. Government, new laws, regulations, and labour law were drivers of "CSR" in Jordan (Ararat, 2006). Ararat (2006) results would suggest that Jordanian laws, as drivers to CSR in Jordan, might be the reason behind these socially responsible acts by these companies.

By comparing between local and foreign responses in tables (4) and (5), it has been found that most of the negative responses were in local companies' part.

Hypothesis Testing Results

To assess the first hypothesis, a one-sample t-test was used. According to the statistical decision rules, the null hypothesis would be rejected if type 1 error was .05 or less; the p-value.

Table (6) T-Test, The Practice of CSR

Variables		Test Value = 3						
H's	**Variables**	**T**	**df**	**Sig. (2-tailed)**	**Mean**	**Mean Difference**	**95% Confidence Interval of the Difference**	
							Lower	**upper**
H_{01}	CSR as a whole	9.193	80	**.000**	3.627	.627	.491	.762
H_{01-1}	Environment	-.550	80	.584	2.947	-.053	-.245	.139
H_{01-2}	Social	12.785	80	**.000**	3.898	.898	.759	1.038

Based on this rule, the first main hypotheses in the null form and the sub-hypothesis H_{01-2} were rejected, whereas sub-hypothesis H_{01-1} was accepted and that indicated the following: companies implement the CSR as a whole and the social part of CSR. As for the environmental part of CSR, companies were not found to practice it.

Testing Hypothesis (2)

This hypothesis aimed at assessing whether Jordanian and local companies were practicing CSR in its two types; social and the environmental. To test this hypothesis, the findings of table (4) and (5) together with an independent sample t-test were used. Table (7) displays the results of the analysis:

Table (7) T-Test, The level of Practice of CSR: Foreign vs. Local

H's	Variables	t calc.	Sig. t	Mean Jordanian	Mean Foreign
H_{02}	CSR as a whole	-1.022	.310	3.551	3.710
H_{02-1}	Environment	-2.968	**.004**	2.706	3.329
H_{02-2}	Social	.168	.867	3.889	3.862

The significance value of the environmental practices was below .05 which indicated that there were differences in the environmental practices of CSR. Referring to the findings of table (4), local respondents showed negative responses to 5 out of 10 questions with a below-average value in all areas; climate change, pollution prevention, and recycling, which indicated that there were differences between local and foreign companies in the environmental practices and that supports the result of the independent t-test.

Testing Hypothesis (3)

The third hypothesis aimed at assessing the effect of CSR on the perceived business performance of companies. Multiple regression analysis was required to test the possible impact of CSR on business performance and all its related sub-variables. The following results were found:

Table (8) Regression Analysis, Dependent Variable: Financial Performance

Multiple R	R Square	Adjusted R Square	Standard Error of the Estimate	Analysis of Variance		H_0 Result
				F Value	Sig. F	
.182	.033	.004	.31124	1.144	.325	**Accept**

Independent Variable in the Multiple Regression Equation

Independent Variables	Unstandardized Coefficients		Standardized Coefficients	T Value	Sig. T
	B	Std. Error	Beta		
Social Performance	.084	.065	.178	1.294	.200
Environmental Practices	.002	.047	.007	.052	.959

Table (8) reported results of multiple regression analysis of all the independent variables on the financial performance, as a dependent variable. As shown in the multiple regression model, p-value was .325. The findings indicated that there was no relationship between all the IV and the financial performance since the significance value was more than .05. R_2 was .033, which indicated that .033 of the variation in the economic performance was explained by the independent variables together.

Table (9) Regression Analysis, Dependent Variable: Economic Performance

Multiple R	R Square	Adjusted R Square	Standard Error of the Estimate	Analysis of Variance		H_0 Result
				F Value	Sig. F	
.198	.039	.010	.31230	1.360	.264	Accept

Independent Variable in the Multiple Regression Equation

Independent Variables	Unstandardized Coefficients		Standardized Coefficients	T Value	Sig. T
	B	Std. Error	Beta		
Social Performance	.108	.065	.226	1.648	.104
Environmental Practices	-.041	.047	-.119	-.867	.389

Table (9) shows the results of the multiple regression analysis between the whole CSR variables and the economic performance as a dependent variable. The findings indicated that there was no relationship between all the independent variables and the economic performance since the p-value was >.05. Thus, the null

hypothesis was accepted. R_2 was .039, which indicated that .039 of the variation in the economic performance was explained by the independent variables together.

Table (10) Regression Analysis, Dependent Variable: Marketing Performance

Multiple R	R Square	Adjusted R Square	Standard Error of the Estimate	Analysis of Variance		H_0 Result
				F Value	Sig. F	
.331	.110	.083	.38929	4.123	.020	**Reject**

Independent Variable in the Multiple Regression Equation

Independent Variables	Unstandardized Coefficients		Standardized Coefficients	T Value	Sig. T
	B	Std. Error	Beta		
Social Performance	.206	.082	.334	2.526	.014
Environmental Practices	-.002	.059	-.006	-.042	.967

As for the relationship between the IV and the marketing performance, table (10) shows the results of the multiple regression analysis used to analyze this relationship. The multiple regression model showed that p-value was .020, and R2 = .110. Since the significance value was less than .05, the null hypothesis was rejected and the alternate hypothesis was accepted. Accordingly, the findings indicated that there was a significant relationship between all independent variables (CSR as a whole) and the marketing performance. The significance T-value showed that social practices, as a dimension of CSR, presented a significant relationship with marketing performance (Sig. = .014), and the relationship was still positive (beta =.334). As for the environmental practices of CSR, this dimension failed to present a significant relationship with CSR. In spite of that, t-value was close to zero. Although it was not significant, the relationship between this factor was negative, since beta= -.006. Table (10) showed that 11% of the variation in the marketing performance was explained by the independent variables together.

The interpretation of these findings could be as follows: social practices questions formed the largest part of the IV measurement scale. Social practices were found to be implemented among companies under study. Marketing performance, on the other hand, scored the highest mean among other measures. Since the responses to these two different sub-variables were mostly among the positive responses that got the highest mean values, that might interpret the reason behind this significant positive relationship.

The result of this hypothesis was similar to Chahal and Sharma's study (2006), where a relationship was found between CSR and marketing performance. These results were also similar to those of Brammer and Pavelin (2006), where there was a relationship between social and marketing performance and marketing reputation.

Testing Hypothesis (4)

The fourth hypothesis was trying to build a comparative analysis among the two samples of the study; local and foreign companies. To test this hypothesis, ANOVA analysis was used and results can be shown in Table (11).

Table (11) ANOVA Analysis, Testing Hypothesis (4)

Mode-rating Variable	Variable		Financial Performance	Economic Performance	Marketing Performance
Differences in the impact between local and foreign companies Nationality as a moderating Variable					
Nationality (Local vs. Foreign)	CSR (Environment & Social)	R^2	.0835	.867	.693
		F-test	1.183	2.162	.326
		Significance	.366	.096	.93
	Environmental Practices	R^2	.668	.586	.602
		F-test	.978	1.366	.541
		Significance	.476	.243	.834
	Social Practices	R^2	.676	.579	.687
		F-test	.773	.302	.950
		Significance	.653	.973	.509

The relationship between CSR and business performance did not differ between the two samples; foreign and local companies, neither did the relationship between any of CSR factors and any of the performance dimensions. The significance "F" was more than .05 for all of them. Accordingly, the null hypothesis was accepted and no interrelation between variables was proved.

Although the implementation of CSR activities was different between foreign and local companies, the relationship between CSR and performance did not differ among them. The literature review revealed that there was a relationship between CSR and business performance; whether being positive and negative. Although foreign companies were more aware of CSR, since they were mostly from developed countries, the impact of their CSR activities did not differ due to that fact. Both samples would find an impact of CSR on their marketing performance. The more socially responsible activities the company would show, the better marketing performance it would have.

Testing Hypothesis (5)

The final hypothesis assessed the differences in the perceived business performance due to some companies' characteristics such as: firm capital, number of years in business, economic sector and number of employees. To assess this relationship, two-way Anova was used, and the following results were found:

Table (12) ANOVA Analysis, Testing Hypothesis (5)

Moderating Variables	Financial Performance		Economic Performance		Marketing Performance		Result of H_O
	F calc.	Sig. F	F calc.	Sig. F	F calc.	Sig. F	
Firm capital	2.832	.090	.570	.797	1.442	.322	Accept Null
Years in Business	1.295	.338	.580	.800	.953	.527	Accept Null
Sector	2.158	.139	3.394	**.045**	1.348	.344	Accept Null for financial & marketing Reject Null for economic
Employees	.499	.86	.718	.71	1.124	.472	Accept Null
*** Significant differences at (.05) level**							

For "F" to be statistically significant, it should be >.05. Accordingly, most of the null hypotheses were accepted, except the one that tested the difference in the perceived economic performance due to sector (Sig <0.05). Possible interpretation was that export and productivity; factors to measure the economic performance might differ according to the sector. Some sectors export more than other sectors. Productivity might be also more important for some sectors that are labour intensive, such as the industrial sector, and less important for others.

CONCLUSIONS, RECOMMENDATIONS AND IMPLICATIONS

The study's findings provided support for the existence of CSR practices among Jordanian companies although the literature revealed the contrary. The literature revealed that the concept of CSR was new in Jordan (Elian, 2005) and companies were not voluntarily practicing social responsibility, but only implementing activities that could be categorized as legally binding. Foreign companies in Jordan were mostly from developed countries or Arab countries with better economic situation than Jordan and which were supposed to be more aware of CSR issues. Despite this fact, the study did not reveal differences in CSR practices among local and foreign companies and in issues related to the social type of CSR. Differences were only found in terms of environmental practices, which could indicate that foreign companies were more concerned with environmental stability and for solutions for cleaner environment.

There were mixed opinions among scholars on the cost of CSR, and whether it affected the business performance of companies. This study found a positive impact of CSR on marketing performance without finding differences in this relationship when comparing between the two samples in the study. Both financial and marketing performance were not found to differ due to companies' characteristics. Economic performance, however, was found to differ due to "sector". Capital, number of years in business, and number of employees did not have a significant relationship with the perceived business performance. The relationship was found to be significant between the sector and the economic performance of companies.

Consequence to the findings, the study recommends the following:

1. There is a need for cooperation between the private and public sectors. The cooperation is important for the government, companies and even employees.

2. The revealed relationship between CSR and marketing performance should encourage enterprises to work on their social responsibility. Assessing marketing performance is very important for companies. Many firms are looking forward to providing fresh growth in profit through increasing sales (Sheth and Sisodia, 1995). Market share, the second measurement of marketing performance, indicates how well a firm is doing in the marketplace compared to its competitors. Corporate reputation is also an important measurement of marketing performance. It is acknowledged to be an intangible asset of substantial importance both in the local and international competition (Šmaižienė, 2008).

3. The government should offer an incentive scheme to companies which shows the highest level of social responsibility. Hindieye (2007) suggests a set of procedures to be followed by the government in order to enhance CSR in Jordan. She believes that the government's responsibility is embodied in its efforts in building national programs that help raising companies' awareness on the concept of CSR and in assisting them to build social responsibility strategies. This will encourage other companies to adopt social responsibility initiatives.

4. It is also recommended that companies adopt clear strategies for their social responsibility. Al-Ghaliby and Al-Amery (2008) provided a platform for CSR in companies. The development of this form requires the interaction among all departments in the company. This pattern shall include a set of clear goals and plans important to face the increased competition in the domestic, regional, and global markets.

Implications and Future Research

The findings of this study have implications for decision makers in most companies, so that marketing performance can be improved and CSR be better applied. These findings would be specifically useful for companies that face an increasing competition in the market. Jordan is now open to international market, and people around the world have been increasing awareness of CSR issues and are more interested in dealing with socially responsible companies. CSR is being considered as a marketing strategy and a way of achieving a competitive advantage by building a better image in the eyes of customers.

The results are also important to governments and other organizations who are interested in providing better social and environmental circumstances in the work place. As stated by the Mayor of Amman, a link between the private and local sectors in all endeavours related to social development is important (Corporate Social Responsibility Forum, 2007). Companies are found to practice CSR activities, and that will assist countries achieving their goals and serving their society, where society's needs have exceeded the capabilities of governments (Jamali and Mirshak, 2007).

The results of this study have an implication for employees, who will feel proud of being part of a socially responsible company, which encourages them to work hard and to serve their companies and their communities as a whole.

Some opportunities exist to further research about some topics discussed in this study. It would be helpful and interesting to attempt to investigate if there is a relationship between CSR and some companies' characteristics such as sector, especially when measuring environmental practices of CSR. Some sectors have direct link to the environment in comparison with other sectors that have no direct interconnection with the

environment. It is also recommended to study the impact of CSR on export. Today, Jordan is a signatory to several economic and trade cooperation agreements with countries all over the world. CSR may play a role in enhancing Jordanian competitive position in the world. It would also be useful to conduct a similar study on a sample of companies known for their CSR, but in this case, it would be difficult to define the sample since there is no agreed upon rating criteria that assess the CSR in Jordan (Ararat, 2006).

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أثر المسؤولية الاجتماعية للشركات في الأداء المدرك للشركات: دراسة مقارنة بين الشركات المحلية والأجنبية في الأردن

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ملخـص

هدفت هذه الدراسة إلى الإجابة عن السؤال الذي كان موضع الاهتمام الأكاديمي لعدة سنوات ، وإن كان لا يحظى باهتمام كاف في الدراسات الأردنية، وهو: ما أثر المسؤولية الاجتماعية للشركات في أداء الأعمال المدرك للشركات الأجنبية والمحلية في الأردن؟ هذا وقد اهتمت الدراسة بمعرفة مدى تطبيق المسؤولية الاجتماعية بين الشركات المدروسة، ومعرفة فيما إذا كان هناك اختلاف في مدى تطبيق المسؤولية الاجتماعية بين الشركات الأجنبية والمحلية. كما هدفت إلى معرفة ما إذا كان هناك اختلافا في مدى تأثير تطبيق المسؤولية الاجتماعية في أداء أعمال في هذه الشركات يعزى لبعض خصائصها، كرأسمال وعدد الأيدي العاملة، ونوع القطاع الصناعي الذي تنتمي إليه، والخبرة.

لقد تم تطبيق الأساليب الإحصائية اللازمة، كالإحصاء الوصفي واختبار قيمة "ت" لوسيط واحد ولوسيطين مجتمعين بالإضافة إلى الانحدار البسيط والمتعدد، واختبار انوفا على 83 استبيانا. وقد خلصت الدراسة إلى عدد من النتائج كان من أهمها:

أولا: هناك تطبيق للمسؤولية الاجتماعية بين الشركات قيد الدراسة .

ثانيا: هناك اختلافات بين الشركات الأردنية والأجنبية في ممارسة الجوانب البيئية من المسؤولية، حيث أظهرت الدراسة أن الشركات الأجنبية تطبق الأنشطة البيئية بشكل أكبر من الشركات المحلية.

ثالثا: لم تظهر الدراسة أي اختلاف بين الشركات الأجنبية والمحلية، من حيث تأثير تطبيق المسؤولية الاجتماعية في أداء الإعمال.

رابعا: أظهرت الدراسة أن هناك اختلافا في الأداء الاقتصادي للشركات نتيجة لفقد واحدة من خصائص الشركات، وهي نوع القطاع الاقتصادي الذي تنتمي إليه الشركات.

الكلمات الدالة: المسؤولية الاجتماعية للشركات، أداء الشركات.

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