

## The Effect of Corporate Social Responsibility toward the Local Community and Employees on Orange Telecom Company Profit

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### Abstract

*Corporate social responsibility has a highly positive effect contributions to the development of society and firms achievement in terms of profit. The increasing concentration to Corporate social responsibility is based on its potentially to influence firms achievement. The Corporate social responsibility movement is diffusion worldwide and in today business a large number of methods and frameworks have been developed, the majority being in the developed countries. The present study consternated on the effect of corporate social responsibility and Jordanian Orange telecom company Profit. **Methodology:** A study questionnaire was distributed to 110 employees in different administration level of a modern telecom company over a month in 2014 August, using 5Likert scales analyzed, descriptive analysis, means and SDs to tabulate and analyzed. **Results:** Analysis of 103 suitable responses among company employees found a significant effect of corporate social responsibility and firm Profitability at the two Hypotheses. **Recommendations:** (1) Ensure to provide financial support to poor people at the local community. 2) To improve Fairness between employees in different level of the administration*

**Keywords:** Corporate Social Responsibility, profitability, Jordan, Orange Company

### Introduction

Business is run for profit (Steiner and Steiner, 2005) - the profit objective; but Corporate social responsibility is also a liability or ethical responsibility towards society and employees in the company. Carroll 1979 explained the discretionary activities as either voluntary or philanthropic (Maignan, 2001). The concept of Corporate social responsibility was perceived using stakeholder and business ethics theories rather than profit alone. In the decade 2001-2010 the concept is predominantly Friedman's (1989) profit motive given the proportion of papers featuring that aspect, but more (non- American) researchers are moving towards a social justice morality as an ethical imperative, with more expectations on voluntary policies. early points out that this view is no longer appropriate as a means for global organizations to succeed in today business: they need to clearly and transparently demonstrate a commitment to social responsibility in order to succeed.

### 1. Orange Telecom Company

Orange commitment goes beyond developing the telecom market. It is built on the foundation of active participation and contribution to the communities. Orange belief in benevolence stems from our culture and is considered the main motivation for implementing the sustainable Corporate Social Responsibility program, which in turn supports several national initiatives, thus benefiting the local community of Orange pioneered in consolidating the concept of corporate social responsibility as Orange have built the positive image which meets with Orange leading position in Jordan Telecom market.

### 2. Literature Review on Corporate Social Responsibility

Poor community-organization relations correlate to a number of factors include the lack of concern for the view of the communities and the domination, (Idemudia & Ite, 2006;). A common incidence in such politically constructed systems of disparity is that disappointment ultimately explode into aggression. Companies make donation to poor people in the local community may increase its profit Alafi 2014.

Also people can patronize the company who practice CSR like make donation to poor people and involve in local community CSR may be philanthropic or left to moral discretion but by adding human rights and environmentalism., multicultural companies are encased in different value systems and contexts for business. Perhaps human rights, which surpass moral and cultural differences and promise justice, and are perceived by the European Union as a political issue, might clarify and reconceptualize the human rights obligations of business. Alafi (2014).

For employee satisfaction in the workplace Nonfinancial measures also have a significant direct effect on procedural fairness (Sharon, L. C. et. al., 2012). Job satisfaction is a complex factor encompassing different facets (Alafi et al ,2014) and subject to factors like salary, and friendly staff relationships (Lane, Esser, Holte & some scholars have adopted Maslow's theory and used his notion of need fulfillment to measure this factor (Alafi et al , 2014). Both employee satisfaction and dissatisfaction are affected on company profit by the job environment and by how much job satisfaction is possible within it (Hussami, 2008). Perceived fairness is one key factor affecting employee satisfaction and improved performance (Parvin & Kabir, 2011). McCusker, 2010).

As a result, the success of an organization can be considerably affected in profit, (Chen, Yan, Shiau & Yang, 2006). The important of employee studies 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).

### **3.1The Effect of Corporate Social Responsibility on Profit**

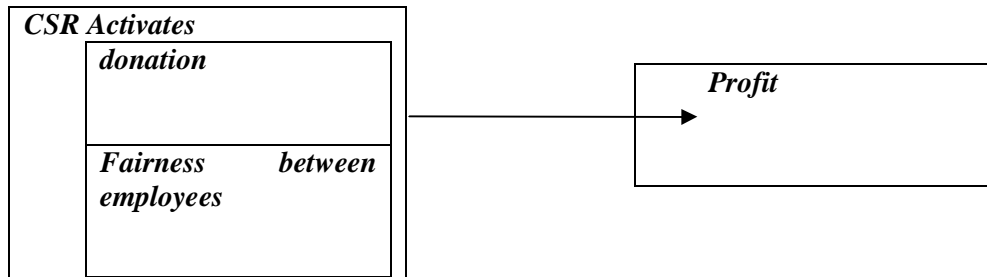
In Today business another evident trend was the shift of focus towards developing nations, as Corporate social responsibility scholars have been deeply focused on Developed countries., companies try to align social needs to their core product thereby using Corporate social responsibility as a strategic choice and part of decision-making motivation. A major problem lies in an accepted definition of Corporate social responsibility concepts are still developing as illustrate by Sen and Bhattacharya (2004, 2008) above and in the post-2008 papers exemplified. A better understanding of the complex relationship between corporate social responsibility and Profit would be invaluable directly or indirectly to shareholders, managers, and all of the stakeholders Several authors, like Kotler and Lee (2005), state that Corporate social responsibility leads to profitability in the long run resulting in stakeholder satisfaction ( Alafi 2010 ). Research revealed by (Joshi et al., 2007) they found that there is a positive relationship between Profit Making and Social Responsibility . Profit making is the necessary reason for an enterprise to extend and grow while social responsibility is the basic duty of the "state" have to be focus upon the setting of its stakeholders with social justice. Scholars concentrated that there must be continuous efforts to reduce this economic difference amongst the country; yet, cases could be different, strategic innovation emerges as an very important tool towards a globally competitive existence and profit. (Lai et al., 2010) indicated the effect of corporate social responsibility and the firm's profit 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 IrayaMwangi, 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 profit of firms listed in the manufacturing. (Georgeta et al, 2013).

### **3. Objective of Study**

The center in earlier research had been on finding the results about the effected of CSR on profit are inconsistent especially in developed countries further finding information about CSR and Profit will make a good contributions to the body of the Literature. Consequently the current study aims to explore and identify strategies that affect the Corporate social responsibility on firms profit

### Study Model



Source (Alafi et al, 2014).

#### 4. Definition of Corporate Social Responsibility

A definition for CSR based on the fit between business and societal expectations. The present study defined the CSR as an practice from the business toward community and Employees where the business operate and help poor people and employees with different issues like donation and fairness.

##### 5.1 Defined of Donation

The present Research define the donation is the company provide a financial support to poor people in the local community where the company operation.

##### 5.2 Defined of Fairness

The present study defined the fairness to dealing equally with the employees in terms of Salary and position and training.

##### Defined of profit 5.3

Profit is a financial achievement by the firms in resulting its practice the corporate social responsibility towards the local community and its employees

#### 6. Hypothesis

H.1 There is a positive effect of CSR donation toward poor people in local community of the Jordanian Orange telecom company on its profit.

H.2 There is a positive effect of CSR Fairness toward the employees of the Jordanian Orange telecom company on its profit.

#### 7. Methodology

The population of the current study covers the Orange telecom company in Jordan employees. So Jordanian telecom company play a significant role in Jordan national company and it should be do A CSR services toward the employees local community to improve their quality of life . The sampling method used to collect the data is random sampling in order to avoid bias with their Answers. Samples were randomly drawn from the different level of the employees in different branches around the country 110 questionnaires were distributed to the employees 107returned, and the researchers found 103valid for analysis.

##### 7.1 Development of Questionnaires

The questionnaires are designed to measure the dependent and independent variables to find the effective of CSR on company Profit. All questions in the questionnaire are based on the two hypotheses generated for this study. The questions were designed in such a way that the Participant were able to understand and answer the questions. The model of questionnaire for CSR was adapted from Alafi (2014) as it was referring to two important variables which affected on company profit. The first independent variable contains items applying to the donation provide to poor people at the local company where Orange operation, like financial support to poor student, and poor families and build literacy center to poor local community, and also some questions regarding the financial support people in terms of health. The second independent variable, Fairness includes questions about the relationship between employees and Managers, and the fairness. Profit measures adapted from the sands study 2005 in terms of financial achievement and the market share of the company, and its growth.

Participants were asked to indicate their awareness and knowledge on the effected of CSR practices and company profit. A five -point Likert scale ranging from strongly disagree (1) to strongly agree (5) was used.

### 8. Results

**Table (1): Descriptive Statistics of Donation**

No	Item	Mean	Standard deviation
<b>Donation</b>			
1.	The company provide financial support to build literacy center in local community to poor people	4.411	1.0133
2	The company provide financial support to poor student in local community	3.65	1.0976
3	The company provide financial support to build health centers in local community	3.53	0.92321
4	The company employ people from the local community	3.25	0.93782
5	The company provide financial support to local community in terms of the community events	2.75	0.87652
6	The company provide financial support to local community in terms of natural crises	3.77	0.910542
Average		3.56	0.896519

From the Table (1) the means range was (2.75- 4.411), the highest means was for the item “The company provide financial support to build literacy center in local community to poor people and STD of (1.0133) while the lowest The company provide financial support to local community in terms of the community events with a mean of (2.75), and STD of (0.87652) overall mean was (3.56) with STD of (0.896519)

**Table (2): Descriptive Statistics of Fairness**

No	Item	Mean	Standard deviation
<b>fairness</b>			
7	My payment compared to the work that I do is satisfying.	4.9	1.04553
8	Equal payment with my colleqe make me satisfied	3.62	1.01595
9.	Employees that care about companies objectives are rewarded	3.96	1.04683
10.	I feel a lot of loyalty to my company.	3.10	1.00237
11.	The company provide equal opportunities for their employees to take advantage of training	2.46	1.00257
12.	The company meets the needs of its employees continuously training	3.76	1.06857
Average		3.633	0.7513

From the Table (2) the means range was (2.46- 4.9), the highest means was for the item “My payment compared to the work that I do is satisfying .with a mean 4.9and STD of (1.04553) while the lowest The company provide equal opportunities for their employees to take advantage of training with a mean of (2.46), and STD of (1.00257) overall mean was (3.633) with STD of (0.7513).

**Table (3): Descriptive statistics of Profit**

No	Item	Mean	Standard deviation
<b>profit</b>			
14	My company's has a good financial return reputation	4.30	0.98880
15	My company achieved high return on investment	2.80	0.62350
16.	My company has a market share more than the competitors	3.11	0.75650
17	My company achieved high return on investment because its CSR practice	3.06	0.78631
18	The company achieved a high annual profit	3.55	0.90311
Average		3.364	0.73232

From the Table (3) the means range was (2.80- 4.30), the highest means was for the item “My company's has a good financial return reputation .with a mean 4.30 and STD of (0.98880) while the lowest My company achieved high return on investmen with a mean of (2.80), and STD of (0.62350) overall mean was (3.364) with STD of (0.73232

### **9. Discussion**

Donation also confirmed to have significant impact in Orange telecom company for aspirations for advanced pay, which consistent with result by Alafi et al., 2013).

These results above may suggest for policy makers should seriously consider providing their local community and employees with new kind of facilities as in order to provide financial support to local community where the company operating with different type of help the findings indicated that most employees were satisfied with the with relationship between them and their management in term of fairness, this consistent with the prior result of Parvin and Kabir (2011). Also the result of the present study showed a high level of the significant impact relationship between CSR and company Profit which consistent with Research conducted by (Alafi et al.,2013) they found that there is strongly relationship between Profit Making and Social Responsibility . Profit making is the essential reason for an organization to extend and grow.

### **10. Implications for Company Management**

The significant result of the present study about the effect of CSR on profit have implications in terms of companies management policies. From a company management practice need to adopt modern CSR practice to achieve a high profit in a world increasingly demanding of social justice. This adoption of modern CSR practices should maintain or increase profitability based on the result of the present study.

### **11. Limitations of the Study**

It is impossible to Generalization of data to all Jordanian telecom companies employees from a single company

### **12. Future Research**

For future research Scholar may investigate other factors affecting companies Profit, and also the other factors of employees satisfaction lead for companies profit.

### 13. Recommendations

On basis of the above analysis of two CSR activated toward the employees on the telecom company and local community, the results suggest the following recommendations to managers of the Orange telecom company to increase Profit 1) Engage the company on the local community especially to help poor people and student and employ people from the local community 2 ) Improve employees overall in terms of fairness like salary , training ,etc.

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