

Corporate Social Responsibility among Large Industrial Units' Customers in West and East Azerbaijan

*Iraj Ravandi *¹*

^{1*} MA, Department of Mechanical Engineering Islamic Azad University Maragheh Iran

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ABSTRACT

Corporate social responsibility (CSR) is a type of international private business self-regulation that aims to contribute to societal goals of a philanthropic, activist, or charitable nature by engaging in or supporting volunteering or ethically-oriented practices. While once it was possible to describe CSR as an internal organizational policy or a corporate ethic strategy, Proponents argue that corporations increase long-term profits by operating with a CSR perspective, while critics argue that CSR distracts from businesses' economic role. A 2000 study compared existing econometric studies of the relationship between social and financial performance, concluding that the contradictory results of previous studies reporting positive, negative, and neutral financial impact, were due to flawed empirical analysis and claimed when the study is properly specified, CSR has a neutral impact on financial outcomes. Novel approaches in management and organization brought social commitment and responsibility. In fact, this responsibility was a response to the environmental needs and challenges. The present study is a survey conducted in private companies in West Azerbaijan province.

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Introduction

In order to properly observe social responsibility Carol (1991) proposes the organization be responsible in all its levels and its responsibility not be limited to profitability for the stockholders, obeying rules both in economic and legal levels. This responsibility supports ethical rights, fulfils customers' expectations and promotes welfare and good will in ethical and humanitarian aspects of the individuals and societies (Chiang, 2020). On its legal side, corporate social responsibility obliges organizations to following general regulations and rules. The society passes these rules and citizens and organizations have to obey them and respect them as social values. This legal aspect of social responsibility is sometimes called social obligation and this demonstrates how essential it is for businesses to obey the rules that benefit people's

interests (Carol, 2018). Societies do not necessarily trust in organizations to act properly; thus, they pass rules so that their businesses could be controlled. These regulations, however, lack some necessary ingredients to guarantee their responsible behavior. These regulations have a limited scope and cannot cover all possible outcomes. They are generally reactionary instead of being active; yet, they tell organizations what to do. Obeying these rules is the result of the fear of punishment not an inherent interest in ethics. Regulations like labor and social security code along with anticorruption regulations and rules to protect the environment etc. are among these legal obligations (Carol, 2019). Factors like competition in some industries and open economic atmosphere of Iran have drawn organizations'



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*Corresponding Author: Iraj Ravandi, Department of Mechanical Engineering Islamic Azad University Maragheh Iran
 Email :Ravandiiraj@gmail.com
 phone: +98(922) 192 4606

attention to their responsibility toward employees, clients and society in their profit-oriented activities.

If organizational policies and missions are defined to realize values and expectations of a society and individual needs are considered to acceptably and legitimately, further goals for an individual will be the social ones. Considering social needs and supreme requirements originate in the fact that humans not only are capable of using their intellects, but also they are social creatures living in small or big groups which are part of the great complex of community. This community is of extreme respect and those living in a society have to coordinate their deeds with the good of the society. In fact, the inherent and biological concept of equality in human mind creates the principle of social responsibility (Bozorgi, 2014). Corporate social responsibility is an important phenomenon with huge fans. It is sometimes referred to corporate responsibility, corporate accountability, corporate citizenship or corporate ethics as well (Hohnen, 2017).

The relationship between social, political, environmental and economic roles has increased; thus, organizations face new dynamisms. The challenges faced by these organizations are their urge to think of profitability while responding novel social expectations and need for simultaneous management of these seemingly contradictory phenomena through applied strategies with positive effects on organization and the society (Sandhu & Kapoor, 2010). In this regard, one major social issue faced by experts of communities around the world in recent years is lack of respect to the social responsibility of the organizations and their managers. This has been of a higher importance in Iran for it is critically in need of sustainable development (Khalili Araghi & Yaghin Loo, 2014).

Research Hypothesis

- There is a significant relationship between promoting corporate social responsibility in industrial units in East and West Azerbaijan provinces.
- There is a significant relationship between customers' mental image and corporate social

responsibility in industrial units in East and West Azerbaijan provinces.

- There is a significant relationship between perceived quality of the customers and promoting corporate social responsibility in industrial units of East and West Azerbaijan Provinces of Iran.
- There is a significant relationship between the concept of brand and corporate social responsibility in industrial units of East and West Azerbaijan Provinces of Iran.
- There is a significant relationship between timely responsibility and corporate social responsibility in industrial units of East and West Azerbaijan Provinces of Iran.

Methodology

The present study is an applied research due to the analysis it makes on legal factors affecting corporate social responsibility in Iranian private companies. The statistical population of the study included 3011 managers of private companies in West Azerbaijan province of Iran from among which 340 managers were selected according to Krejcie and Morgan table and through unlimited or simple sampling. The independent variable in this study was the legal factors influencing corporate social responsibility in private organizations. The dependent variable on the other hand was the managers' viewpoint toward social responsibility measured through Likert scale. The main tool for collecting data was a questionnaire of technical questions concerning corporate social responsibility compiled after reviewing the related literature. In order to ensure validity of the questionnaire, expert views on social responsibility were collected from university professors along with corporate managers. The Reliability of the questionnaire was calculated by Alpha Cronbach test to be 0.972, which is considered acceptable for this study. Reliability is a measure that shows a questionnaire produces similar results under consistent conditions. The questionnaire was given to private sector managers to be filled. Exploratory factor analysis technique was used to pursue purposes

of the study and the data collected were analyzed via SPSS 22 computer application.

Findings

Based on findings of the study, the results of the descriptive section could be represented as follows:

Table 1. Descriptive indices of research variables			
Customers' loyalty	index	mean	Standard deviation
	Observing safety rules and regulations for employees	4.12	0.68
	Considering regulations especially in case of interaction with suppliers	3.99	0.66
	Observing legal obligations of consumer rights	4.15	0.69
	The need for legal standards in case of society	4.22	0.66
	Commitment to environmental obligations	4.10	0.69
Source: Research Findings			

In this study, in order to find out the legal factors affecting corporate social responsibility from the point of view of managers of private organizations in West Azerbaijan, all indices were put into factor analysis. In order to ensure decency of the data for factor analysis, Bartlett test and KMO index were utilized. Proper value for KMO index (0.912) approved of the decency of the questions for extracting factors. Furthermore, significance of the

Bartlett test demonstrates the internal correlation between variables and the possibility of the formation of the set of variables. The number of factors was assigned via the factors with a value over one. Therefore, 5 factors were extracted covering an overall number of 44 variables. Extracted factors were named and then put into table 2 along with the special value, variance percentage and cumulative percentage variance.

Table 2. Factors extracted along with the special value, variance percentage and cumulative percentage variance			
Factors	Special value	Variance percentage	Cumulative frequency
Observing safety rules and regulations for employees	14.525	17.287	17.287
Considering regulations especially in case of interaction with suppliers	1.913	8.091	60.531
Observing legal obligations of consumer rights	5.818	12.819	30.106
The need for legal standards in case of society	2.658	12.099	42.206
Commitment to environmental obligations	2.322	10.235	52.440
Source: Research Findings			

According to the findings demonstrated in table 2, five extracted factors elaborated an overall 60.531 % of the variance. In this study, observing safety rules and regulations for employees with the special value of 14.525 clarified the overall variance of 17.287%.

Variables with the fourth highest clarification of remaining variance (10.235%) is the commitment to environmental obligations. In this factor, the most important variable is the environmental management according to standards 2008 and 14001. Finally, the

fifth factor is considering regulations especially in case of interaction with suppliers clarifying 8.091% of the remaining variance. The most important variable here is evaluation of suppliers according to the rules of social responsibility. The loaded variables are represented in table 3 along with the factor load on them.

Conclusion

Commitment to safety standards for employees is a necessity for the development process of human resources. In order to reach this goal, employees are highly satisfied so that they could create value for their organization. One major condition for satisfaction is job security and one very important basis for job security is the safety and health in the workplace. In the present study, the factor “observing safety rules and regulations for employees” clarified 17.287% of the dependent variable variance. This finding concords with findings of Bahrami (2014) who demonstrated that the relationship between organizational efficiency and performance with social responsibility issues in an organization demonstrates the performance of processes and is significant and direct. Furthermore, according to Royayi and Mehrdoost (2009), there is a strong relationship between role of cultural managers in their economic, ethical, legal, social and environmental goals and promotion of social responsibility. Brammer et.al. (2007) stated that an organization’s social responsibility toward internal and external beneficiaries is of a positive nature. Moreover, findings from the present study confirms findings of Abdul H. et.al. (2014), Mousilis et.al. (2014), Bakos (2014), Windsor (2013), Hoyos (2013), Campbell (2012), Abolhasani Ranjbar et.al. (2013) and Ghorbanali Zadeh (2014). Therefore, it is suggested that creation of job satisfaction and mental health in employees through observing safety standards for them improves their relationship with clients and induces a positive feedback for the organization. Organizations aiming to survive and

excel in national and international arenas have to have the continuous improvement principle in their minds and this could only be possible through improved performance. Continuous improvement of an organization’s performance creates a synergistic force through which their development program is supported and elevation opportunities are brought to life.

Legal responsibility includes observing local, national and international laws. Organizations have to perform their tasks in the framework of these general rules. The society passes the laws and all individuals and organizations have to observe them as a respectable social value. The legal aspect of social responsibility is also called social commitment and represent the fact that any business has to obey certain regulations for public interest. Since not all societies trust businesses to act properly, regulations are passed to control them. These regulations have in some cases guarantees for accountable performance. However, they have a limited range and could not therefore cover all possibilities. They are more of reactionary than proactive and remind businesses of what to do. Most of them are observed as a result of the fear of punishment; thus they are not voluntarily observed according to ethical internal beliefs. In short, findings from this study revealed that five factors of observing safety rules and regulations for employees, considering regulations especially in case of interaction with suppliers, observing legal obligations of consumer rights, the need for legal standards in case of society and commitment to environmental obligations clarified an overall 60.531% of the overall variance.

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