

A Case Study on Corporate Social Responsibility: A Study on Awareness of CSR – Evidence from Private Company in Erbil

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Received: August 18, 2017

Accepted: September 21, 2017

Online Published: October 1, 2017

doi: 10.23918/ijsses.v4i2sip136

Abstract: The purpose of this research is to analyze the concept of Corporate Social Responsibility (CSR) and how this responsibility is capable to improve the corporate reputation. In order to do that one of the car companies in Erbil, has been chosen to have an overview about the customers, whether they have a system or a certain procedure toward customers, suppliers, shareholders and community as a whole. In previous years, organizations believe that there is a negative relationship between business and being socially responsible, but in now a days there is external pressure for the organizations to be socially responsible by monitoring the organizations and reporting their social performance so that the company value and the level confidence of the stakeholders increase. A survey of an Iraqi Private company has been taken and analyzed as the best example for the subject research. Corporate Reputation plays very specific and important role in any company as it is usually reflected on the decisions made by any company to approach or to do business with in the company. Corporate Social responsibility is considered as an advantage that should be carefully managed.

Keywords: Corporate Social Responsibility (CSR), Corporate Reputation, Shareholders, Stakeholder

1. Introduction

“Corporate Social Responsibility can be defined as an continuous or ongoing obligation by business organizations that plays a role in the economy development of the society, improving quality of life of workforce and their families as well as the society and community at large” (Richard & Watts, 2000). According to Buffett (2017), during the last years, the term “CSR” has taken an important role in any organization as it is considered as the source of sustainable growth and it is clearly related to corporate reputation as perceived by many stakeholders which will affect the image of the organization eventually. “It takes 20 years to build a reputation and only 5 minutes to ruin it”.

Business shouldn't be only responsible morally to the stakeholders but also to the environment and society. According to Lantos (2001), there are 3 types of CSR: First type is ethical CSR: It is the responsibility to avoid harms or social injuries, second type is altruistic CSR: It is the contributing to the common good at the expenses of the business and third type is strategic CSR: It is the firm's social welfare responsibilities that benefit both the corporation and stakeholders. In this research, researchers gave an attempt to study on reflection of reputation on the actions and behavior of the organization.

2. Literature Review

The concept of CSR should be included as a practice of the strategic preferences at the base of business organization and should be aligned with all aspects of the organization's management that include marketing, human resources, financial, production etc. One of the best examples on the role of CSR in enhancing corporate reputation is innovation in alternative transportation such as hybrid vehicles and electric vehicles by companies like Toyota, Nissan and Honda in order to curb the greenhouse gas emissions and reduce the environmental hazards. Corporate Social Responsibility at any company has the following important roles: first role builds profit by reducing costs and risks, reducing waste and increasing efficiency, attracting and retaining investors and creating new business opportunities. Second role is building people, it makes it easier to attract, retain and motivate people. Third role is it builds reputation by gaining customer loyalty, having access to markets, having government support and cooperation with local communities. CSR is a set of activities that should be practiced by organizations in order to cope with social and environmental problems (Friedman, 1970).

There is a relationship between the financial performance of the organizations and CSR that has been the subject of many researches since 1960s. Earlier empirical studies concluded that economic performance is not directly linked, in either a positive or negative fashion to social responsiveness (P & M.J, 1982). Asset age is the financial variable that is mostly "must" be correlated with CSR and omitting this variable might lead to a spurious correlation between CSR and financial performance. "Older" firms usually have a low rating regarding CSR. Companies/Corporates with older assets developed or constructed plants in a period when regulatory constraints were less severe than they are now days. Apart from that, older firms might be less flexible in adapting or using the CSR "hardening of the arteries". Management of older corporates or firms can simply be less responsive than the management of younger firms regarding both business and social dimensions, Also the type of managers that younger firms attract might be different from the type of manager attracted by old firms and even after controlling the asset age, using many factors, there is still a weak support for a link between CSR and financial performance (Arlow & Gannon, 1982).

According to (Griffin, 2008), one of the main components of the reputation management is social responsibility. The field of corporate social responsibility (CSR) progressed partly as a tool to build corporate reputation and safeguard against reputational damage. As per Jamali and Ramez (2011), there is a link between the corporate reputation and the behavior of the stakeholders towards the organizations. According to the analysis of the pyramid of CSR by Geva (2008) that CSR should be adopted because it may pay off and that it is the morally right thing to do. In another way, it may happen that a CSR activity presumed to be a response to social pressures may in fact be a source of competitive advantage, and the other way around.

3. Research Methodology

This research aims to explain the concept of CSR adapted by car companies in Erbil, to have an overview about the customers, wither they have a system or a certain procedure toward customers, suppliers, shareholders and community as a whole. The methods used in this research were quantitative and qualitative research methods to find out the effect of CSR toward the community, the corporate's reputation, employees, suppliers, customers and shareholders. The research was divided into questionnaires and interviews, the questionnaires (quantitative) were divided into six main parts, first part included the basic information regarding the respondents, second part consists of three questions regarding "CSR activities towards employees", third part covered four questions regarding "CSR activities towards suppliers", part number four answered another four questions regarding "CSR activities towards the community", the fifth part consists of three questions of "CSR activities towards customers" and for the final and sixth part consisted of three questions regarding "CSR activities towards shareholders". The questionnaire and interviews were done in a private corporate in Erbil, a corporate specialized in cars generally. The questionnaire was distributed among different employees in two different branches and different departments, 75 questionnaires were distributed but only 50 were answered properly and two interviews were done. Answers were analyzed using SPSS program and Excel. The questionnaire and interviews used in this research was adapted from Khan, Latif, Jalal, Rizwan and Anjam, 2014; Auruskeviciene and Skudiene, 2012.

4. Findings

Table 1- Reliability Tests

Cronbach's Alpha	N of Items

The above table explains the reliability for the questions from 1-17 which equals to 0.975 and that is more than the standard 0.7

Table 2- Demographics

Items		Frequency	Percent
Gender	Male	34	68%
	Female	16	32%
Age	18-29	30	60%
	30-50	20	40%
Working period	Less than 1year	13	26%
	1-3 years	30	60%
	4-6 years	7	14%
Education	High School	12	24%
	Diploma	8	16%
	Bachelor Degree	24	48%
	Master Degree	6	12%
Department	HR	11	22%
	Finance	10	20%
	Marketing	2	4%
	Sales	7	14%
	Other	20	40%
	Total	50	100%

Table-3: Individual parameter analysis

Parameters			Frequency	Rate
CSR activities towards employees	Company seeks to comply with all laws regarding hiring and employee benefits.	Agree	36	72%
	This corporate helps my personal and career development.	Agree	32	64%
	This corporate provides a safe working environment for me to work in.	Agree	36	72%
CSR activities towards suppliers	The contractual obligations between this corporate and suppliers are always honored.	Agree	35	70%
	Fairness toward suppliers is an integral part of our employee evaluation process.	Agree	30	60%
	Relationships with supplier are good.	Agree	39	78%
	We have a system to encourage business partners to include	Agree	24	48%

	social responsibility criteria in business decisions.			
CSR activities towards the community	Top managers monitor the potential negative impacts of our activities on our local community.	Agree	27	54%
	The managers of this organization try to comply with the law.	Agree	27	54%
	I receive satisfaction knowing that we as a corporate invests in the local community.	Agree	29	58%
	My corporate has a really efficient environmental control and protection system.	Agree	26	52%
CSR activities towards customers	Our business has a procedure in place to respond to every customer complaint.	Agree	27	54%
	All our products/services meet legal standards.	Agree	33	66%
	The quality of our services gives me satisfaction.	Agree	33	66%
CSR activities towards shareholders	I get satisfaction from providing returns to shareholders	Agree	22	44%
	Shareholder interest affect the way I am motivated to perform at work.	Agree	25	50%
	Shareholder interests create challenges which make my work more interesting.	Agree	24	48%
	Total		50	100

Researchers interviewed two managers on the following questions and the responses were recorded.

1-What is CSR for you?

Respondent 1: CSR is a way of operating a business in a manner that accounts for the social and environmental impact created by the business.

Respondent 2: CSR is the process of assessing an organization's impact on society and evaluating their responsibilities.

2-Do you see an increasing demand for CSR work from the surrounding?

Respondent 1: There is a continuous demand for corporate social responsibility from stakeholders, including shareholders, employees, suppliers, investors and communities. It is clearly shown that the ethical conduct of a company affects the decisions of consumers.

Respondent 2: Yes, there is a big demand as the effect of CSR shows on society and environment, through honoring ethical values and respecting people and communities which eventually affects business goals.

3-Do you feel that there are cultural differences between suppliers and customer demands regarding CSR in different countries?

Respondent 1: Yes, there are cultural differences with regards to the application of CSR in different countries as it depends on the vision for each country towards the development of society and environment.

Respondent 2: Yes, each country has its own law and all organizations work in line with that which is reflected in the corporate social responsibility that connects people with society and environment.

4-In the process of developing new products to what extent are stakeholder's interest included?

Respondent 1: Stakeholders are known in general as people who have an interest in an organization based on whether they can affect or be affected by it. The more they stand to benefit or lose by it, the more the profit or loss are going to be.

Respondent 2: Stakeholders are the groups or individuals that have an interest in the organization and are affected by it. Stakeholders' interest is reflected in their effective participation in the relevant aspects of corporate operation to provide CSR requirements and to monitor their implementation.

5- Is it necessary for a company to have designated senior personnel with clear responsibility for CSR?

Respondent 1: It is necessary to have a designated Senior Personnel in order to follow the guidelines of corporate social responsibility of a company in regards to employees and management as they will be reflecting the image of any organization to clients and society.

Respondent 2: It depends on the size of business for each company. Company with large amount of business which has an important presence in the society is required to have a designated person in order to make sure that the relationship between employees and society as in customers to maintain an ethical image which eventually reflects on the actions and decisions of consumers.

5. Conclusion

CSR reflects the ways that business has been managed in order to bring out a positive impact on the communities, cultures, societies and environment in which it operates. CSR covers three aspects which are economic, social and environmental. CSR is important for organizations not only to increase their values and profit but also to motivate their employees. To manage social responsibility many steps are usually taken by different firms for showing improvements in their environmental and social management practices. CSR in every organization reflects their core values by engaging their employees to communicate directly with the clients and customers which eventually affect the organization reputation because the reputation has an important role in any organization development which makes their business more efficient and profitable. The majority of the responses were positive which leads to the fact that using CSR has a very big and positive impact on the “employees”. And another positive impact was on the “suppliers”. The impact on the “community” was also positive. The CSR activities toward “customers” were positive as well.

6. Study Limitations

The research was about the awareness of CSR in private companies in Erbil, the first limitation I faced was finding a company that knows and applies CSR, many companies have been visited before picking this corporate which was time consuming. The second limitation or issue I faced was the sample size issue, I distributed 75 questionnaires but only 50 of them were answered. Another issue/ limitation faced was the time for the data collection (the answers of the questionnaire), and the biggest issue I faced was the language, since the mother language of almost all the respondents were Arabic or Kurdish so it was hard for them to understand the questionnaire. Moreover, when doing the interviews, it took a lot of time to write them down, translate and write in a proper way.

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Acknowledgements:

The current research work was supported by Research Center of Ishik University, Erbil-IRAQ. Our special thanks to Prof. T. Kamaraju, professor and HOD, Department of Commerce and Management Studies, Dr. BR Ambedkar University, Srikakulam - India for his valuable inputs in our current research.