

# Evaluation of Social Responsibility at the Jordanian Islamic Banks using Balance Scorecard Method

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## Abstract

The study aimed to identify the impact of social responsibility on the organizational performance at the Islamic banks of Jordan, through the identification of trends in the study sample of social responsibility dimensions, and organizational performance. To achieve the objectives of the study, the researchers developed a questionnaire for the detection of the dimensions of corporate social responsibility (economic, legal, ethical, and philanthropy responsibility) and the organizational performance. The study sample consisted of (198) directors of top management and middle management in the Jordanian Islamic banks. Sample was selected randomly, and in light of this, data was collected and analyzed using the Statistical Package for Social Sciences (SPSS). The research most important findings and conclusions are:

1. There are high arithmetic mean of manager's estimations at the Jordanian Islamic banks towards social responsibility and organizational performance.
2. The social responsibility as an independent variable accumulates a variance of (48.3%) from the organizational performance.
3. The ethical responsibility ranked first in the impact on the organizational performance, it accumulates a variance of (39.7%) from the organizational performance.

**Keywords:** Corporate social responsibility, Organizational performance, balanced scorecard, Jordanian Islamic banks, stock shareholders.

## 1.1 Introduction

Social functions and responsibilities of organizations became an important matter for their survival, due to change in nature of the relationship between businesses and society, where the relationship is no longer based on achieving profits and providing goods and services, but organizations became as economical and social entities, which contributes in the achievement of sustainable development. The modern concept of organizations social responsibility had been expanded, where it's no longer limited to the charitable campaigns and cash contributions for society and civic institutions, and became a general culture and philosophy that links to the organization's strategy, strategic approach, and its various functions and duties. The process of adapting and dealing with these changes and transitions assumes the work to determine the effects of organizations social responsibilities on their overall performance.

## 1.2 Study importance

- The study significance on the theoretical level exists in its contribution to assist the management literature related to the social responsibility and organizational performance fields, and also from the knowledgeable enrichment the study can add to the Arabic library in an important topic that may attain the attention of researchers and practitioners.
- The study importance on the practical level comes with the results provided to the decision makers at the Jordanian Islamic banks in relation to the concern of social responsibility, due to its impact on the overall performance of Islamic banks.

## 1.3 Study objectives

The study seeks to achieve the following major goal:

Illustrate the impact of social responsibility commitment on the organizational performance of Jordanian Islamic banks, from the point view of managers in them. In sight of the major goal, study seeks to achieve the following secondary goals:

- Identify the Jordanian Islamic bank manager's trends toward the dimensions of social responsibility (economical, legal, ethical, and charitable responsibility).
- Identify the trends of Jordanian Islamic banks managers toward the organizational performance.
- Present the results and recommendations which lead the Jordanian Islamic banks to gain the competitive advantage, and improve their performance.

#### 1.4 Problem and questions of the study

The study concentrates on a theoretical problem which is represented in the weak recognition of relationship between the social responsibility of the Jordanian Islamic banks and their performance. Therefore, the purpose of this study can be achieved by answering the following major question:

What is the impact of applying social responsibility at the Jordanian Islamic banks on the organizational performance?

The following secondary questions emerge from the major question:

- What are the average estimations of Jordanian Islamic banks managers to the dimensions of social responsibility?
- What are the average estimations of Jordanian Islamic banks managers to the organizational performance?

#### 1.5 Study Hypothesis

**First major hypothesis (H01):** there is no statistical significant impact at level ( $\alpha \leq 0.05$ ) for the dimensions of social responsibility (legal, ethical, economical, and philanthropy responsibility) on the organizational performance at the Jordanian Islamic banks, and the following secondary hypotheses will be derived from this major hypothesis:

**(H01.1):** there is no statistical significant impact at level ( $\alpha \leq 0.05$ ) for the dimension of economical responsibility on the organizational performance at the Jordanian Islamic banks.

**(H01.2):** there is no statistical significant impact at level ( $\alpha \leq 0.05$ ) for the dimension of legal responsibility on the organizational performance at the Jordanian Islamic banks.

**(H01.3):** there is no statistical significant impact at level ( $\alpha \leq 0.05$ ) for the dimension of ethical responsibility on the organizational performance at the Jordanian Islamic banks.

**(H01.4):** there is no statistical significant impact at level ( $\alpha \leq 0.05$ ) for the dimension of philanthropy responsibility on the organizational performance at the Jordanian Islamic banks.

## 2. Literature review

### 2.1 Social responsibility of organizations

#### 2.1.1 Definition of social responsibility of organizations:

The British government defines the social responsibility of organizations as: "voluntary actions taken by business organizations, beyond the minimum limit of legal requirements, to achieve their competitive goals and society interests" (Crane, Maten, & Spence, 2008, 6), and the business committee for sustainable development, based in Geneva defines it as: "Commitment of organizations owners to the contribution of sustainable development and to the improvement of workers living standards, their families, the local community, and society as a whole" (Dahlsrud, 2008, 7). But (Carroll, 1979, 500) defines it as: "Society's expectations from business organizations towards four responsibilities that forms the social responsibility of organizations, which are: legal, economical, ethical, and charitable or symbolic responsibilities, in specific period".

#### 2.1.2 The social responsibility dimensions of organizations:

The different studies that examine the topic of organizations social responsibility, speaks about various dimensions of this responsibility, Carroll provided a classification for them in the following way:

a. The economic responsibilities of business organizations: it means business organizations commitment to produce goods and provide services needed by the society, sells them at fair prices which reflect their true value, get the required profits for organizations survival and growth, achieve investors dividends, maintain their competitive edge, and increase their operational competence (Carroll & Buchholtz, 2008).

b. Legal responsibilities of business organizations: it means according to (Carroll, 1991), that organizations commits to achieve the profits within the legal limits and government regulations, to provide goods and services to consumers legally, and their performance to be in consistent with the laws, being engages in a society within specific instructions, rules, and standards to regulate their behaviors, such as the consumer protection laws, environment protection laws from pollution, and labor laws and occupational safety.

c. Ethical responsibilities of business organizations: (Carroll & Buchholtz, 2008, 38) states those responsibilities to include the activities and practices which society expects from organizations, even if they weren't regulated by laws, and defines it as: "an expression of the set of values, norms, standards, and expectations, for shareholders, workers, consumers, and society, which represents the fair ethical behavior that preserve their interests. Ethical responsibilities also include avoiding the controversial practices, aligning with the dominant values, doing what is right, just, and fair, and the existence of ethical leadership".

d. Philanthropy responsibilities of business organizations: (Carroll, 1991) refers to these responsibilities and views them as voluntary, discretionary, or symbolic activities, which reflects the desire of business organizations to participate in social activities, and includes the organization's actions directed toward the support of social activities that enhances the society quality of life.

## 2.2 Organizational performance:

Performance fields in the organizations can be divided according to their difference businesses, activities, and objectives. (Richard, Devinney, Yip, & Johnson, 2009) pointed out that the organizational performance includes three areas or fields for the results of organization business, and they are: the financial performance, such as (profit), the products market performance, such as (market share), and the contributors revenues, such as (added economic value).

(Venkatraman & Ramanujam, 1986) specified three areas for measuring performance, they are: financial performance, operational and financial performance, and organizational effectiveness, as the broader area for consideration of organizational performance, which carries in its content each of the financial and operational performance, and the results of internal performance.

(Kaplan & Norton, 1992) did introduce the balanced scorecard (BSC) model, where it combines the traditional financial metrics with the non-financial operational metrics, and operational metrics considers as an incentives or motives for the future financial performance, and they are: customer satisfaction, operational processes, and learning and growth, which considers the main indicators that help organizations to make predictions about the future performance. (BSC) contains the following four dimensions:

**a. the financial dimension** (How should the organization looks in the eyes of shareholders?)

This axis considers the final outcome of company's activities to achieve shareholders satisfaction by increasing their investments value and profits, and this dimension considers as an approach for clarifying whether the implementation of the strategy at the lower management levels will result in improvement in the financial performance (Daft, 2007). (Kaplan & Norton, 1996) mentioned that it is possible to improve the organization's financial dimension through revenue growth, and productivity strategies.

**b.: The customers** (How our customers see us?):

(Kaplan & Norton, 2004) declared there are a group of characters which arranges the incentives value, from the point view of client, and it's possible to divide these characteristics into the following: product properties or descriptions, organization relationship with its customers, and customer's impression about organization trademark.

**c. internal processes or operations:**

This dimension includes the following operations:

- The operational processes: these are the daily major processes performs by organization to produce products and provide services to customers.
- Customer's operations management: aimed to help the organization to build and maintain a profitable and long-term relationship with the target customers.
- Creative processes: the organizations needs continuous innovation to maintain a competitive advantage, in order to acquire customers, develop relationships with them, and get their loyalty.
- Organizational and social processes: includes the organizational, social, and environmental processes, workers health and safety, hiring practices, and social investment (Kaplan & Norton, 2001).

**d. learning and growth:**

It represents the intangible assets of the organization, which contributes significantly to the organization sustainable value, these assets are interconnected with each other, and the dimension of learning and growth in (BSC) shows how the organization align its intangible assets with its strategy, and must also fit within the objectives of the internal processes, and within itself to create the added value. The Learning perspective contains human or intellectual capital, information capital, and organizational capital.

## 2.3 Conceptual models

The (Al-Zyoud, 2013) performed a study aimed to show the extent of commitment at banks operating in Jordan to their social responsibilities towards the local community (external dimension), and the workers (internal dimension). Study sample consisted of (15) Jordanian banks, and the study results showed that banks stands to their responsibilities in regard to the local community, as part of their policy and plans, and not accidentally. But in regards to the internal dimension, it showed a delinquency in the spending amounts on workers, and also not paying attention to workers training and development, which didn't exceed (3.85%) of the profits.

The (Doudeen and Abdu, 2012) performed a study aimed to identify the Jordanian commercial banks commitment to business ethics and social responsibilities in the implementation of e-business, and the impact of commitment to e-business ethics and social responsibilities in the ability of banks to achieve high levels of financial performance, from a strategic perspective. The researchers distributed (500) questionnaires on workers at (5) Jordanian commercial banks, and the study found a visible commitment by the Jordanian commercial banks to the aspects of e-business ethic, and also found a clear impact of business ethics commitment to achieve a high level of profitability indicators. Study also found a clear commitment by the Jordanian commercial banks to the social responsibility in its various dimensions, and found a clear impact of social responsibility commitment to achieve high level of profitability indicators.

The (Alafi & Alsufy, 2012) conducted a study entitled: "Corporate social responsibility associated with customer satisfaction and financial performance, a case study within the Housing banks in Jordan". The study aimed to examine the relationship between social responsibility and financial performance, explore the relationship between customer satisfaction and social responsibility, to examine the relationship between customer satisfaction and financial performance, and to examine client satisfaction as a mediator (middle relationship) between social responsibility and financial performance. Study sample consists of (203) clients from the Housing banks for trade and finance in Jordan, and the results showed a positive relationship between social responsibility and financial performance, positive relationship between social responsibility and client satisfaction, positive relationship between customer satisfaction and financial performance, and a mediator relationship of client satisfaction between social responsibility and financial performance.

(Weshah, Abu Awwad, & Hajjat, 2012) conducted a study entitled: "The impact of adopting corporate responsibility on corporate financial performance, evidence from Jordanian banks". The study aimed to examine the relationship between a set of independent variables such as, social responsibility of commercial banks in Jordan, bank size, risk level, and advertising intensity, and the financial performance. The Study sample consisted of (13) Jordanian commercial banks, and the results showed a positive relationship between banks social responsibility and their financial performance, and found a positive relationship between banks size, risk level, and the advertising intensity of banks, as a study sample and their financial performance.

(Bayound, Kavanagh, & Slaughter, 2012) conducted a study entitled: "An empirical study of the relationship between corporate social responsibility disclosure and organizational performance: evidence from Libya." The study aimed to test the relationship between the disclosure of Libyan company's social responsibilities and the organizational performance as measured by three variables: financial performance, employee's commitment, and organizations reputation. Study sample consisted of (40) Libyan organizations working in different industries, and financial performance was measured by referring back to the annual financial reports for the period (2007-2009). Some financial ratios were used to measure the financial performance, while employees commitment and organizations reputation were measured through distributing (149) questionnaires on a random sample of researched organizations from managers and employees. The study arrived to a series of results, and the most important are:

- a. The existence of positive relationship between the disclosure of social responsibility and financial performance, and organization reputation.
- b. The non-existence of relationship between the disclosure of social responsibility and employee's commitment.
- c. The highest level of disclosure about social responsibility was toward consumers, and the lowest level was toward the environment, while the highest level of organizational performance dimensions was for the organization reputation dimension.

(Buciuniene & Kazlauskaitė, 2012) conducted a study entitled: "The linkage between HRM, CSR and performance outcomes". The study aimed to recognize the current developments of organizations social responsibility and human resource management in Lithuania, examine the relationship between the official policies of social responsibility, and human resource management practices of the social responsibility dimension, and organizational performance results. The researchers conducted a survey for (119) large and small organizations, which includes more than (100) employees; to examine the implementation of social responsibility and the human resources management in Lithuania, and test the relationship between organizations social responsibility and human resource management, and organizational performance results. The study showed a series of results, the most important are:

- a. The existence of a little attention from the researched organizations to human resource management practices as a social responsible dimension, such as: lack of attention to flexible work programs, minority participation, and profit sharing programs.
- b. The regression (Slope) results showed the existence of positive impact between human resource management practices as a social responsible dimension and the organizational performance results.

(Valiente, Ayerbe, & Figueras, 2012) conducted a study entitled: "Social responsibility practices and evaluation of corporate social performance". The study aimed to measure the social performance for a group of Spanish organizations, and develop a tool that enables organizations to explain their social behavior, through the analysis of actions taken by the organizations towards stakeholders, where a model for measuring the social performance has been developed based on Carroll works. The study sample consisted of (416) Spanish organizations from various industries and sizes. The study referred to a series of results, the most important are:

- a. The most practical social responsibility activities at the organization, as the study sample, are the ones directed toward employees, such as: equal opportunities and occupational safety, and work-life balance programs. In addition, the directed activities towards customers, such as: product quality and provided information.
- b. The lowest practical social responsibility activities are the ones directed towards society and towards the organization's governance, and also the importance of environment and suppliers activities occupied a medium degree.

(Lin, Yang, & Dian, 2011) conducted a study entitled: "The impact of corporate social responsibility on financial performance: evidence from businesses in Taiwan". The study aimed to find out the relationship between social responsibility and financial performance as measured by profitability in the short and long term. The study also aimed to show the impact of research and development efforts as a mediator in the relationship between organizations social responsibility and financial performance. The study sample consisted of (33) industrial, logistical (supportive), and financial companies and the study arrived to a series of results, the most important are:

- a. The existence of a positive relationship between social responsibility and financial performance on the long term measured by a specialized criteria that balances between the risk and returns, and also the non-existence of relationship on the short term for the financial performance.
- b. The existence of a correlation or connection between the research and development investments and the social responsibility, and also the existence of a correlation between the research and development and profitability.

### 3. Method of the study

#### 3.1 Study Community and Sample

The community of the study consists of all managers who are employed in Jordanian Islamic banks . A simple-random sample was chosen from the study community, the researcher distributed (250) questionnaires, (210) questionnaires were received with the rate of return (85%). Only (12) questionnaires were dismissed because of being unusable for statistical analysis.

**3.2 Study instrument:** the researcher reviewed the theoretical background and previous studies about social responsibility and organizational performance. The researcher also reviewed many questionnaires that used in the previous studies ,so he designed one that reflects social responsibility and organizational performance`. The parts of the questionnaire are:-

- Part one- background information: - In this part, respondents were asked to indicate their age, level of education, job title, and experience.
- Part two- dimensions of the study:-This part covers dimensions:- The first dimension –independent variable- social responsibility which contains (24) items. Social capital contain the secondary dimensions:- items from (H1 to H6) related to economic social responsibility, items from( H7 to H12) related to legal social responsibility, items from (H13 to H18) related to ethical social responsibility , and items from (H19 to H24) related to philanthropy social responsibility
- Part three - dependent variable- is organizational performance which contains twelve items from (H25 to H36). The participants were asked to identify the degree of their agreement with each item in the second and third sections of the study , using five point Likert scale (5= strongly agree, 4= agree, 3=neutral, 2= disagree, and 1= strongly disagree). The scale was calculated through the following formula:  $\frac{\text{The highest point of the scale (5)} - \text{the lowest point of the scale (1)}}{\text{the number of required categories (3)}} = 1.33$ . Thus, 1.33 was added to the end of each category, so that the categories and the degree of agreement became as follows (from -1.00 to less than 2.33 = low ) and (from 2.33 to 3.66 medium) and (from 3.67 to 5.00 = high).

#### 3.3 Study Validity and Reliability

- Face validity: this is applied in the present study in two phases: First, the questionnaire sent to a pilot sample of (20) managers from different managerial level to assess the clarity of the questionnaire .Second, The questionnaire was reviewed by (8) referees from among the faculty members at Jordanian universities, and some items were adjusted based on their recommendations.

- Instrument reliability:- the current applied Cronbach's Alpha measures the reliability of measurement in similar research. Cronbach's Alpha coefficient value of all dimensions of the study is (93%).

#### 3.4 Statistical methods used

In order to answer the questions of the study and test its hypotheses , the following statistics were employed: Descriptive Statistics, percentages , frequencies , stepwise multiple regression, and Cronbach's Alpha.



### 3.5 Data Presentation and Analysis:

- A profile of the sample: the characteristics of the respondents are shown in table (1).

Table (1) Frequencies and Percentages of Demographics factors of the sample

Variable	Characteristics	Frequency	Percentage%
Age	30-less than 40 years	30	15.2
	40- less than 50 years	94	47.5
	50- less than 60 years	49	24.7
	60+	25	12.6
	The sum	198	100
Education	Diploma	10	5.0
	Bachelor	151	76.3
	High diploma	11	5.6
	Master	16	8.1
	Doctoral	10	5.0
	The sum	198	100
Job title	General manger	11	5.6
	Department manager	40	20.2
	Section head	74	37.4
	Branch manager	73	36.8
	The sum	198	100
Experience years	Less Than 5 years	18	9.1
	6-10 years	36	18.2
	11-15 years	72	36.4
	More than 15 years	72	36.4
	The sum	198	100

### 3.6 Analysis of the questions of the study:

- What is the level of social responsibility dimensions (economic social responsibility, legal social responsibility, ethical social responsibility , and philanthropy social responsibility) in Jordanian banks?

Table 2: The means and standard deviations of social responsibility dimensions level

Rank	dimension	Mean*	Standard deviation	Degree of assessment
1	economic social responsibility	3.89	.78	high
2	legal social responsibility	3.88	.70	high
3	ethical social responsibility	3.63	.81	moderate
4	philanthropy social responsibility	2.80	.62	low
	social responsibility as a whole	3.55	.78	moderate

\* (From 1.00 to less than 2.33 = low ), (from 2.33 to 3.66 medium) and (from 3.67 to 5.00 = high)

Table (2) shows that the level of social responsibility as a whole among members of study sample at Jordanian banks was moderate, with a mean of (3.55) and a standard deviation of (0.78), which suggests the similarity of the responses of the participants of the study concerning social responsibility as a whole. Table (2) shows also that the means of the responses of the participants of the study concerning social responsibility dimensions ranged between (2.80- 3.89), the highest mean being for economic social responsibility, with a mean of (3.89) and a standard deviation of (0.78) and a high degree of assessment. Also legal social responsibility comes secondly with a mean of (3.88) and standard deviation of (0.70). Ethical social responsibility comes thirdly with a mean of (3.63) and a standard deviation of (0.81) and a moderate degree of assessment. And lastly comes the dimension of philanthropy social responsibility with a mean of (2.80) and a standard deviation of (0.62) and a low degree of assessment. The means and standard deviations of the assessments of the participants of the study, concerning the items related to the dimensions of social responsibility, which were as follows:

First dimension: economic social responsibility

Table (3): The means and standard deviations of economic social responsibility paragraphs

Item no.	dimension	Mean*	S.D	Degree of assessment
2	The bank concentrate on services that gain more economic value.	3.99	.65	high
4	The bank contributes in the success of governmental development policies	3.96	.74	high
6	The Bank seeks to facilitate financing operations for productive investment projects	3.95	.57	high
3	The Bank strives to maximize shareholder value	3.80	.68	high
1	The Bank is constantly keen to maximize profits	3.77	.73	high
5	The Bank is committed to supporting environmental sustainability programs	3.62	.71	Moderate

\*(From 1.00 to less than 2.33 = low ), (from 2.33 to 3.66 medium) and (from 3.67 to 5.00 = high)

Table (3) shows that the means and standard deviations for the items related to economic social responsibility. The means of the items ranged between (3.62-3.99) , the highest mean was for item (2) (3.99) , and a standard deviation of (.65) and with a high assessment, while item ( 5) was ranked lastly with a mean of (3.62) and a standard deviation of (0.71) and a medium degree of assessment.

- Second dimension: Legal social responsibility

Table (4): The means and standard deviations of legal social responsibility paragraphs

Item no.	dimension	Mean*	S.D	Degree of assessment
8	The Bank is keen on the legality of its business	4.12	0.86	high
9	The Bank is committed to preserving the legal rights of shareholders	4.09	0.76	high
10	The Bank ensures the legality of all transactions with customers	3.99	0.45	high
7	The Bank abide by the legal legislations in force in the State	3.94	0.64	high
11	The Bank is concerned with preserving the legal rights of employees.	3.94	0.66	high
12	The Bank is committed to the legal legislation to preserve the environment	3.31	0.25	Moderate

(From 1.00 to less than 2.33 = low ), (from 2.33 to 3.66 medium) and (from 3.67 to 5.00 = high)

Table (4) shows that the means and standard deviations for the items related to legal social responsibility. The means of the items ranged between (3. 31-4.12) , the highest mean was for item (8) with a mean of (4.12) , and a standard deviation of (.86) and with a high assessment, while item ( 12) was ranked lastly with a mean of (3.31) and a standard deviation of (0.25) and a medium degree of assessment.

- Third dimension: ethical social responsibility

Table (5): The means and standard deviations of ethical social responsibility

Item no.	dimension	Mean*	S.D	Degree of assessment
16	Bank employees are obliged to provide correct information to all customers.	4.04	0.64	high
14	The Bank is committed to respecting the ethical standards of the community.	3.85	0.66	high
15	The Bank is concerned with the ethical aspects of all business relationships.	3.81	0.45	high
13	The Bank promotes its business ethically.	3.81	0.64	high
18	The Bank is keen to design a code of ethics.	3.43	0.66	high
17	The Bank applies the principle of objectivity in employment away from any special considerations.	2.89	0.25	Moderate

(From 1.00 to less than 2.33 = low ), (from 2.33 to 3.66 medium) and (from 3.67 to 5.00 = high)

Table (5) shows that the means and standard deviations for the items related to ethical social responsibility. The means of the items ranged between (2. 89-4.04) , the highest mean was for item (16) with a mean of (4.04) , and a standard deviation of (.64) and with a high assessment, while item ( 17) was ranked last with a mean of (2.89) and a standard deviation of (0.25) and a medium degree of assessment.

- Fourth dimension: philanthropy social responsibility

Table (6): The means and standard deviations of philanthropy social responsibility

Item no.	dimension	Mean*	S.D	Degree of assessment
19	The Bank provides educational assistance to employees wishing to complete their studies.	2.96	0.19	Moderate
23	The Bank organizes special programs to support the poor or needy, such as food parcels, Hajj or Umrah trips, etc.	2.91	0.37	Moderate
22	The Bank offers donations to charities.	2.90	0.32	Moderate
24	The Bank is keen to reduce the prices of its services to some social segments.	2.85	0.43	Moderate
20	The Bank contributes to the support of educational missions for outstanding students.	2.63	0.26	Moderate
21	The Bank organizes assistance programs for students in needy schools, such as the school bag program, school fees or .....	2.58	0.37	Low

(From 1.00 to less than 2.33 = low ), (from 2.33 to 3.66 medium) and (from 3.67 to 5.00 = high)

Table (6) shows that the means and standard deviations for the items related to philanthropy social responsibility. The means of the items ranged between (2.58-2.96) , the highest mean was for item (19) with a mean of (2.96) , and a standard deviation of (.19) and with a moderate assessment, while item ( 21) was ranked last with a mean of (2.58) and a standard deviation of (0.37) and a low degree of assessment.

- What is the level of organizational performance in Jordanian banks?

Table (7) : The means and standard deviations of organizational performance

Item no	dimension	Mean*	S.D	Degree of assessment
35	The Bank is keen to distribute its branches to cover the needs of customers in all regions.	3.79	0.92	High
32	The Bank has a system for receiving and managing customer complaints.	3.78	0.87	High
27	The work required of the Bank's employees is clearly organized.	3.75	0.41	High
33	The Bank has a comprehensive system to ensure the quality of its operations.	3.75	0.54	High
34	The Bank is continuously examining the results of the operational performance appraisal reports.	3.70	0.77	High
30	The Bank is keen to reduce the time it takes to respond to customers' requests.	3.63	0.56	moderate
31	The Bank is increasing the volume of sales from banking services.	3.59	0.79	moderate
28	The Bank works to optimize its assets.	3.54	0.85	moderate
26	The Bank is working to improve the skills of employees to meet the requirements of the renewable market.	3.50	0.86	moderate
36	The available resources are exploited in ways that make it possible to make profits above the customary level.	3.46	0.77	moderate
29	The Bank provides adequate and appropriate training programs for employees.	3.33	0.83	moderate
25	The Bank is making a continuous decline in its direct expenses	2.98	0.31	moderate
	Organizational performance as a whole	3.56	0.42	moderate

\*(from 1.00 to less than 2.33 = low ), (from 2.33 to 3.66 medium) and (from 3.67 to 5.00 = high)

Table (7) shows that the mean for organizational performance as a whole is(3.56) and standard deviation(.42) and with a moderate assessment. Table (7) shows that the means and standard deviations for the items related to organizational performance. The means of the items ranged between (2.98-3.79) , the highest was the mean for item (35) with a mean of (3.79) , and a standard deviation (0.92) with a high assessment, while item ( 25) was ranked lastly with a mean of (2.98) and a standard deviation of (.31) with a medium degree of assessment.

### 3.7 Study Hypothesis Testing

The first main hypothesis: there is no statistically significant effect ( $\alpha \leq 0.05$ ) for social responsibility dimensions (economic social responsibility, legal social responsibility, ethical social responsibility and philanthropy social responsibility) on organizational performance at Jordanian banks.

Sub hypothesis1: there is no statistically significant effect ( $\alpha \leq 0.05$ ) for economic social responsibility on organizational performance at Jordanian banks.



Sub hypothesis2: there is no statistically significant effect ( $\alpha \leq 0.05$ ) for legal social responsibility on organizational performance at Jordanian banks..

Sub hypothesis3: there is no statistically significant effect ( $\alpha \leq 0.05$ ) for ethical social responsibility on organizational performance at Jordanian banks..

Sub hypothesis4: there is no statistically significant effect ( $\alpha \leq 0.05$ ) for philanthropy social responsibility on organizational performance at Jordanian banks..

Multiple linear regression was used in exploring the presence of a statistically significant effect of the independent variables on the dependent variable at the significance level ( $\alpha \leq 0.05$ ). Upon inserting the independent variables into the multiple linear regression analysis (economic social responsibility, legal social responsibility, ethical social responsibility and philanthropy social responsibility) through stepwise method . table (8) shows that three of the four dimensions has a predictive power and is statistically significant.

Table (8) : The means and standard deviations of organizational performance

Regression model	Independent variables	Linear regression method
1	ethical social responsibility	Stepwise (Criteria: Probability-of-F-to-enter $\leq .050$ , Probability-of-F-to-remove $\geq .100$ ).
2	economic social responsibility	Stepwise (Criteria: Probability-of-F-to-enter $\leq .050$ , Probability-of-F-to-remove $\geq .100$ ).
3	philanthropy social responsibility	Stepwise (Criteria: Probability-of-F-to-enter $\leq .050$ , Probability-of-F-to-remove $\geq .100$ ).

it is noted from table (8) that only three independent variables of four variables were entered into the linear equation calculations for predicting the effect of independent variables on the dependent variable, meaning that they have a statistically significant effect on the dependent variable (organizational performance). These variables are respectively (ethical responsibility, economic responsibility, philanthropy responsibility), while legal responsibility was excluded .

- Variance analysis (ANOVA): after entering the three independent variables( ethical responsibility, economic responsibility, philanthropy responsibility) and excluding legal responsibility, the variance analysis was calculated for the independent variables entered in the equation and the results are shown in table (9).

Table (9) : Results of ANOVA analysis

Source of variance	Sum of squares	df	Mean of squares	F value	significance
Regression	55.592	3	18.531	62.291	.000
Residual	57.712	194	.297		
Total	113.303	197			

Table (9) shows that the value of (f) is (62.291) with a statistical significance of (0.000) , which is less than ( $\alpha \leq 0.05$ ) , which indicates the significance and predictive power of the multiple linear regression between the independent variables (ethical responsibility, economic responsibility, philanthropy responsibility) and the dependent variable (organizational performance). Thus, the multiple linear regression model suitable for the assessment of causative relationship between the independent variables (ethical responsibility, economic responsibility, philanthropy responsibility) and the dependent variable (organizational performance). Table(10) shows the model summary for multiple regression.

Table(10):model summary

	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	S.E	Change R <sup>2</sup>
1	.632 <sup>a</sup>	.400	.397	.589	.318
2	.686 <sup>b</sup>	.471	.465	.554	.044
3	.700 <sup>c</sup>	.491	.483	.545	.033

Table (10) shows that three independent variables had statistically significant effects on organizational performance). ethical responsibility came firstly concerning the size of the effect, and its multiple correlation coefficient value was (0.632) and the R<sup>2</sup> is (0.400) and the value of Adjusted R<sup>2</sup> was (0.397) which indicates that ethical responsibility was capable of accounting for (39.7%) of the changes in the dependent variable (organizational performance). economic responsibility comes secondly in terms of the size of the effect, and its multiple correlation coefficient when added to the effect of the ethical responsibility was ( R=0.686) for both dimensions, and the value of their Adjusted R<sup>2</sup> is (0.465) which indicates that the dimensions of economic responsibility and economic responsibility together accounted for (46.5%) of the changes in the dependent variable (organizational performance) . economic responsibility accounted for (4.4%) of the changes in the dependent variable. philanthropy responsibility comes lastly second in terms of the size of the effect, and its multiple correlation coefficient when added to the effect of the ethical responsibility and economic responsibility is ( R=0.491) for all dimensions, and the value of their Adjusted R<sup>2</sup> is (0.483) which indicates that the ethical

responsibility and economic responsibility and philanthropy responsibility together accounted for (48.3%) of the changes in the dependent variable (organizational performance). philanthropy responsibility accounted for (3.3%) of the changes in the dependent variable.

Table 11: the significance of standardized and unstandardized multiple linear regression coefficient

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.666	.228		2.922	.004
ethical responsibility	.336	.065	.362	5.149	.000
economic responsibility	.339	.066	.315	5.147	.000
Philanthropy responsibility	.127	.046	.172	2.766	.006

The table(11) shows:-

-The existence of a statistical significance for the constant of the multiple linear regression formula, in which the value of ( t ) was (2.922) with a statistical significance of (0.000) which is below the level ( $\alpha \leq 0.05$ ), which indicates the significance of the constant (0.666).

- The presence of a statistical significance for the coefficient of the multiple linear regression formula related to the independent variable ethical responsibility, which the value of (t) is (5.149) , with a statistical significance of (0.000) , which is below the significance level ( $\alpha \leq 0.05$ ), which suggests the rejection of the null hypothesis and accepting the alternative hypothesis which states that : there is statistically significant effect ( $\alpha \leq 0.05$ ) for ethical social responsibility on organizational performance at Jordanian banks.

- The presence of a statistical significance for the coefficient of the multiple linear regression formula related to the independent variable economic responsibility , which the value of (t) is (5.147) , with a statistical significance of (0.000) , which is below the significance level ( $\alpha \leq 0.05$ ), which suggests the rejection of the null hypothesis and accepting the alternative hypothesis which states that : there is statistically significant effect ( $\alpha \leq 0.05$ ) for economic social responsibility on organizational performance at Jordanian banks .

-The presence of a statistical significance for the coefficient of the multiple linear regression formula related to the independent variable philanthropy responsibility , which the value of (t) is (2.766) , with a statistical significance of (0.006) , which is below the significance level ( $\alpha \leq 0.05$ ), which suggests the rejection of the null hypothesis and accepting the alternative hypothesis which states that : there is statistically significant effect ( $\alpha \leq 0.05$ ) for philanthropy social responsibility on organizational performance at Jordanian banks .

#### 4. Results and conclusions:-

▪ Results related to the first question, which states: what are the managers average estimations for the social responsibility dimensions at the Jordanian Islamic banks?. The arithmetic means (averages) and standard deviations in table (4), shows the study sample member's average estimations at the Jordanian Islamic banks for the social responsibility dimension as a whole to be high, at an arithmetic mean of (3.55). This may refers to management awareness at the Jordanian Islamic banks about the needs to perform their social functions, roles, and responsibilities, their contribution to social development and social solidarity achievement, to not limit their goals to maximize profits, and to consider themselves as a local community partner to carry their responsibilities. The level of Jordanian Islamic banks commitment to social responsibility dimensions came according to the following:

- (Economic responsibility) dimension ranked first with an arithmetic mean of (3.89), standard deviation of (0.78), and high estimation level.
- (Legal responsibility) dimension ranked second with an arithmetic mean of (3.89), standard deviation of (0.70), and high estimation level.
- (Ethical responsibility) dimension ranked third with an arithmetic mean of (3.63), standard deviation of (0.81), and high estimation level.
- (philanthropy responsibility) dimension ranked fourth with an arithmetic mean of (2.80), standard deviation of (1.02), and medium estimation level.

The presence of (economic responsibility) dimension in the first place may indicates that banking services offer by the Jordanian Islamic banks contributes to the economic development, where they accept interest-free judicial deposits, and use these savings in financial operations for the benefit of the society, through fund the projects by participating in investments, speculation or venture, and murabaha, which will help to increase projects number, increase employment opportunities, and reduce unemployment.

• Results related to the second question, which states: what are the managers average estimations for the performance dimensions at the Jordanian Islamic banks?. The arithmetic means and standard deviations stated in table (9), showed the average estimation of study sample members at Jordanian Islamic banks for the organizational performance dimension as a whole to be high with arithmetic mean of (3.56), which indicates that the Jordanian Islamic banks managers highly agree on the existence of clear interest by the Jordanian Islamic

banks about their performance dimensions; and not limited to the financial dimension, and also the use of customers, internal processes, learning, and growth dimensions are important to performance assessment, where financial performance is a result of it. This result due to the use of previous dimensions that show the performance aspects of strength, weakness, and deficiency, which enable the Jordanian Islamic banks managers to make the effective decisions and take actions that, will improve the competitive position of the Jordanian Islamic banks on the long term, especially with increase in the size of challenges they face.

• **First major hypothesis related results:** there is non-existence of statistical significant impact at level ( $\alpha \leq 0.05$ ) for the dimensions of social responsibility (economical, legal, ethical, and philanthropy responsibility) on the organizational performance at the Jordanian Islamic banks. The results on the first major hypothesis show the following:

-The existence of statistical significant impact at level ( $\alpha \leq 0.05$ ) for the dimensions of social responsibility (ethical responsibility, economical responsibility, and philanthropy responsibility) on the organizational performance at the Jordanian Islamic banks; the variable of ethical responsibility ranked first and explain what amount to (39.7%) of variance in the organizational performance, followed by the variable of economical responsibility and interpreted, with the variable of ethical responsibility at (46.5%) of variance in the organizational performance, followed by the variable of philanthropy responsibility and interpreted with both of the ethical and economical responsibility variables at (48.3%) of variance in the organizational performance.

-The non-existence of statistical significant impact at level ( $\alpha \leq 0.05$ ) for the dimension of legal responsibility on the organizational performance at the Jordanian Islamic banks. These results possibly due to:

-The commitment of Jordanian Islamic banks about their ethical responsibility and their strives to provide services in consistent with the Islamic law norms and principles, is a center of attraction for a large number of customers who faces judicial barriers in dealing with the commercial banks, which deals with interest. This requires Islamic banks to improve their banking services and create the value for their clients through paying attention to the service characteristics, which as a whole impact the organizational performance.

- Jordanian Islamic banks perform their economical responsibilities through providing the necessary funds for the different projects, and providing valuable and high quality services, in addition to maintaining the continuity of fair competition, leads to value creation for customer, which positively impact their organizational performance.

-The commitment of Jordanian Islamic banks to the charitable social activities enhances their value in the financial market, and increases their capabilities to raise capital, which improves the financial performance. Researchers sees indirect and gradual relationship between the social responsibility and performance, which requires Jordanian Islamic banks to achieve a positive reputation before improving financial performance, where performing their social responsibilities towards stakeholders will contribute to improve their image in front of the customers and society, which will reflect the revenues and therefore the profits, and improve the organizational performance.

## 5. Recommendations:

Researchers make the following recommendations upon study results:

• The Jordanian Islamic banks will integrate the environmental dimension of social responsibility within their social role and focus on it in their social initiatives and activities, through deepening partnerships with the responsible institutions and organizations for environment protection, financing investments in the environmental protection field, promoting awareness of environmental issues and reducing pollution sources, protecting the natural resources, and performing their development and construction duties as require by their trusted succession to the land.

• The Jordanian Islamic banks will adopt integration programs and systems by increasing their support for to the school education sector, improving the learning environment through providing scholarships for outstanding students and school donations, participating in national educational initiatives for the public schools rehabilitation, and focusing in their educational programs on investment programs that are in coordination with the stakeholders; where education is a social issue that all parties must be involves in.

• The Jordanian Islamic banks will Increase efficiency of the selection and recruitment systems by defining an objective criteria that must be adhered to in the new hires, such as: banking business level of qualification, years of experience level, job special technical skills, and the forensic or judicial science.

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