

## Corporate Social Responsibility Effective Determinants of the Banking Sector in Jordan

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### Abstract

This study aimed at exploring the effective determinants of the Corporate Social Responsibility (CSR) of the Banking sector in Jordan . The researcher has adopted the qualitative research approach proposed by Strauss and Corbin (1990, 1998) on a sample of (20) bank employees involved in the corporate social responsibility in the Jordanian banks. As the three fundamental components this methodology should consolidate; which are: theoretical sensitive coding, that is, making hypothetical strong thoughts from the data to clear up the phenomenon examined; theoretical sampling, that is, picking whom to meet or what to see next as demonstrated by the state of the condition of hypothesis generation, and that implies starting data analysis with the first interview, and writing down memos and early hypotheses; and furthermore, the need to differentiate phenomena and settings to make the hypothesis legitimate. The researcher concluded that it was the phrase of “*Bank Profits*” as a probable key category that led to the validation of the perceived hypothesis.

**Key words:** *Corporate Social Responsibility; Effective Determinants; Banking Sector; Jordan.*

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### 1.1 Introduction

The significant accentuation put these days on the societal role of business is as per the spreading conviction that proportions of organization achievement must go beyond profit and ought to likewise identify with the requirements of stakeholders and society at large; as the social aspect of any company’s responsibility in the twenty-first century will be more important than ever. corporate social responsibility (CSR) is turning into the characterizing industry issue within recent times, influencing corporate benefits and validity, just as close to home security and maintainability of the worldwide economy (Allard, 2018).

From the point of view of organizations, corporate social responsibility has turned into an integral asset of increasing progressively positive frames of mind among their stakeholders, bringing about different advantages for organizations themselves (Poolthong & Mandhachitara, 2009).

Various variables have contributed more in corporate social responsibility in the banking sector. The expanded financial and open economic has constrained banks to examine their performance and their commitment to getting progressively supportable advancement. Specifically, the economic crisis and its social outcomes have somewhat damaged consumer certainty and the dimension of trust in money related organizations. Illustrating (and not just guaranteeing) obligation towards society is vital for recapturing trust, and banks are progressively remembering it. Besides, banks themselves are winding up progressively mindful of the risks related with financing ecologically or socially touchy tasks. Thusly, in their loaning activities they analyses how to decently adjust the risk and interests of different parties influenced by their business (Ivanisevic & Stojanovic, 2015).

An assortment of industry patterns and factors are additionally prompting increasing the advance toward socially responsible banking. The commercial center wherein banks work today requests new arrangements and administration contributions. A portion of these can be conveyed through socially responsible items. The pressure is put on significant worldwide banks to discover new areas for development. Different components, for example, combination and increased challenge in conventional markets, and innovation developments in banking products and procedures, have been contributing also (Grayson & Hodges, 2017).

### 1.2 Literature Review

By identifying a company as being concerned with society-related issues; previous studies has defined corporate social responsibility activities as policies or actions (Roberts, 1992).

A comprehensive institutional theory offered by Campbell (2007) on corporate social responsibility involved comprising a series of propositions specifying the conditions under which corporations is to behave in socially responsible ways. Additionally Campbell (2007) suggested that since firms that are less profitable have less assets to save for socially dependable activities than those organizations that are progressively beneficial, Corporations will be more averse to act in socially mindful ways where they are as of now experiencing relatively weak financial performance.

He also suggested that Corporations will be bound to act in socially mindful ways if there are solid and well-upheld state guidelines set up to guarantee such conduct, especially if the procedure by which these guidelines and authorization limits were created depended on arrangement and agreement working among companies, government and the other applicable partners (Campbell, 2007).

Cowen et al. (1987) tested the relationships between several corporate characteristics and specific categories of social responsibility disclosures. Company size, industry classification, profitability, and the presence of a corporate social responsibility committee were hypothesized as potential influences on corporate social disclosure. The results of a multiple regression analysis concluded, in general, that company size and industry classification are associated with corporate social disclosures.

McGuire et al. (1988) used Fortune magazine's ratings of corporate reputations to analyze the relationships between perceived corporate social responsibility performance and financial performance. Prior financial performance of the firms, as measured by both stock market returns and accounting-based measures, were found to be more closely related to current rate social responsibility than was subsequent financial performance.

McGuire et al. (1988) suggested that financial performance may be a variable influencing social responsibility activities. Conclusions drawn from this stream of empirical research were generally consistent with the theoretical model developed by Ullmann (1985), but none of the studies provided a comprehensive theory to predict corporate social performance or disclosure. McGuire et al. (1988) reference stakeholder considerations but do not incorporate measures of stakeholder power or strategic posture into their empirical tests.

The possibility of Corporate Social Responsibility (CSR) as a not necessary activity has been given more consideration of specialists for quite a while. In Jordan, enormous organizations have fundamentally been supporting to CSR rehearses a discretionary premise in various structures, for example, foundations and different practices. The government of Jordan has been issued a few guidelines associated with the CSR aspects.

Abu-Baker and Naser (2000) led their study to decide the dimension of routine with regards to CSR activities for 143 firms including Jordanian banks and other financial and manufacturing areas in Jordan. The investigation secured six components of CSR: environment, energy, human resources, products, community involvement, and employees. Content investigation was utilized to quantify CSR measurement through utilized number of words and number of pages. The outcomes referenced that 90% of the organizations revealed social obligation data identifying with HR and 80% uncovered data identifying with the society.

### 1.3 Terminology

**Corporate:** Framed into an affiliation and supplied by law with the rights and liabilities of an individual (Johnson, 2011).

**Social:** Relating to society or to the manner in which society is composed (Mair, Battilana and Cardenas, 2012).

**Responsibility:** A duty or an obligation or commitment to acceptably perform or finish a task (allocated by somebody, or made by one's very own guarantee or conditions) that one must satisfy, and which has an ensuing punishment for disappointment (Hart, Hart and Green, 2012).

**Corporate Social Responsibility:** Is a self-regulating business model that helps a company be socially accountable to itself, its stakeholders, and the public (Kanji & Chopra, 2010).

### 1.4 Problem Statement

Like some other developing communities, Jordanian society endures different ecological and societal issues. This incorporates for instance: the high rate of poverty (as it achieved 13.3% in 2009); the unemployment high rate (12.9% in 2009); the child work (reached 50,000 laborers in 2009); and the inequality among males and females (Al-Hamadeen & Badran, 2014). Therefore, Corporate Social Responsibility (CSR) has never been more unmistakable on the corporate plan than it is today. For that this study will investigate the factors that are effectively influencing the Corporate Social Responsibility (CSR) and considered as the determinants of the Banking sector in Jordan by investigating the Bank size and bank profitability which are found to be positively related to the extent of economic, social, environmental and the overall CSR disclosures. Bank age is also found to be positively related to the extent of social and environmental disclosures, and the governmental regulations too. Therefore, this study will try to answer the following question: what are the most effective determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector?

### 1.5 Study Methodology

Grounded theory is a technique that tries to build hypothesis about issues of significance in people groups' lives (Glaser, 1978; Glaser and Strauss, 1967; Strauss and Corbin, 1998). It does this through a procedure of information accumulation that is frequently depicted as inductive in nature. As per its authors, grounded theory comprises a creative system, encouraging 'the revelation of hypothesis from information' (Glaser and Strauss, 1967, p. 1). This suggests in grounded theory the analyst isn't centered around testing speculations taken from

existing hypothetical systems, yet rather builds up another hypothesis or a working theories grounded in exact information gathered in the field.

In this study, the basic guideline of utilizing subjective research can be defended by Interview Questions' qualities for acquiring a profound understanding of the banks employees involved in corporate social responsibility activates; the research questions are exploratory and open-ended, and these characteristics will contribute in the qualitative research approach.

### 1.6 Study Sample

The study was conducted on a study sample of 20 Jordanian bank employees involved in corporate social responsibility activates in the financial year 2018.

### 1.7 Characteristics of the study sample

The study sample is distributed by gender, experience and job title; and table (1) shows these distributions.

Table (1) Distributions of the study sample

Variable		Frequency
Gender	Male	14
	Female	6
Experience	1-5 years	5
	6-10 years	6
	More than 10 years	9
Job title	Employee	4
	Supervisor	9
	Manger	7

### 1.8 Interview Questions

All interviews were based on both open-ended responses to the following questions:

- 1- What are the factors influencing the determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector?
- 2- What are the most effective determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector?

### 1.9 Data collection and analysis

Information were gathered utilizing grounded theory methodology depicted in Creswell (1998), and Strauss and Corbin (1998). Creswell (1998) recommended that a standard grounded theory research includes 20 to 30 interviews that aggregately spread the classes that rise amid examination. Information are gathered in four stages that contrast as to reason and information accumulation procedures. Information investigation of the present examination was finished by utilizing NVivo 11 to face the terms of "reliability", "thoroughness", or "quality" of the information, along these lines it is significant this is completed in an intensive and straightforward way. Consequently, utilizing programming in the information examination procedure has been thought by some to add precision to subjective research. The present examination utilized a four-organize information gathering technique condensed in Table 2.

Table (2): Four Phases in Data Collection

Phase	Coding	Purpose	Informants
1	Open	Categorizing codes within categories for advance analysis	20 individuals And 10 in Focus groups
2	Axial	Specifying codes in details; relay codes to one another to generate themes	20 individuals And 10 in Focus groups
3	Selective	Creating paradigm model and investigate themes relative to the model; Establishing plot that integrates paradigm model	10 in Focus groups
4	Selective	Testing, certify and explain paradigm model until saturated; recognize surfacing principles constant with paradigm model; perform member checks	10 in Focus groups

Table (3) shows 15 preliminary codes acquired from the interview sessions with each code speaking to a critical subject of talk identified with the utilization of the determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector. The researcher along these lines inferred that the center gathering and individual interviews soaked the codes that were important to identifying the effective determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector.

Table (3): Initial Categories and Codes in Phase One

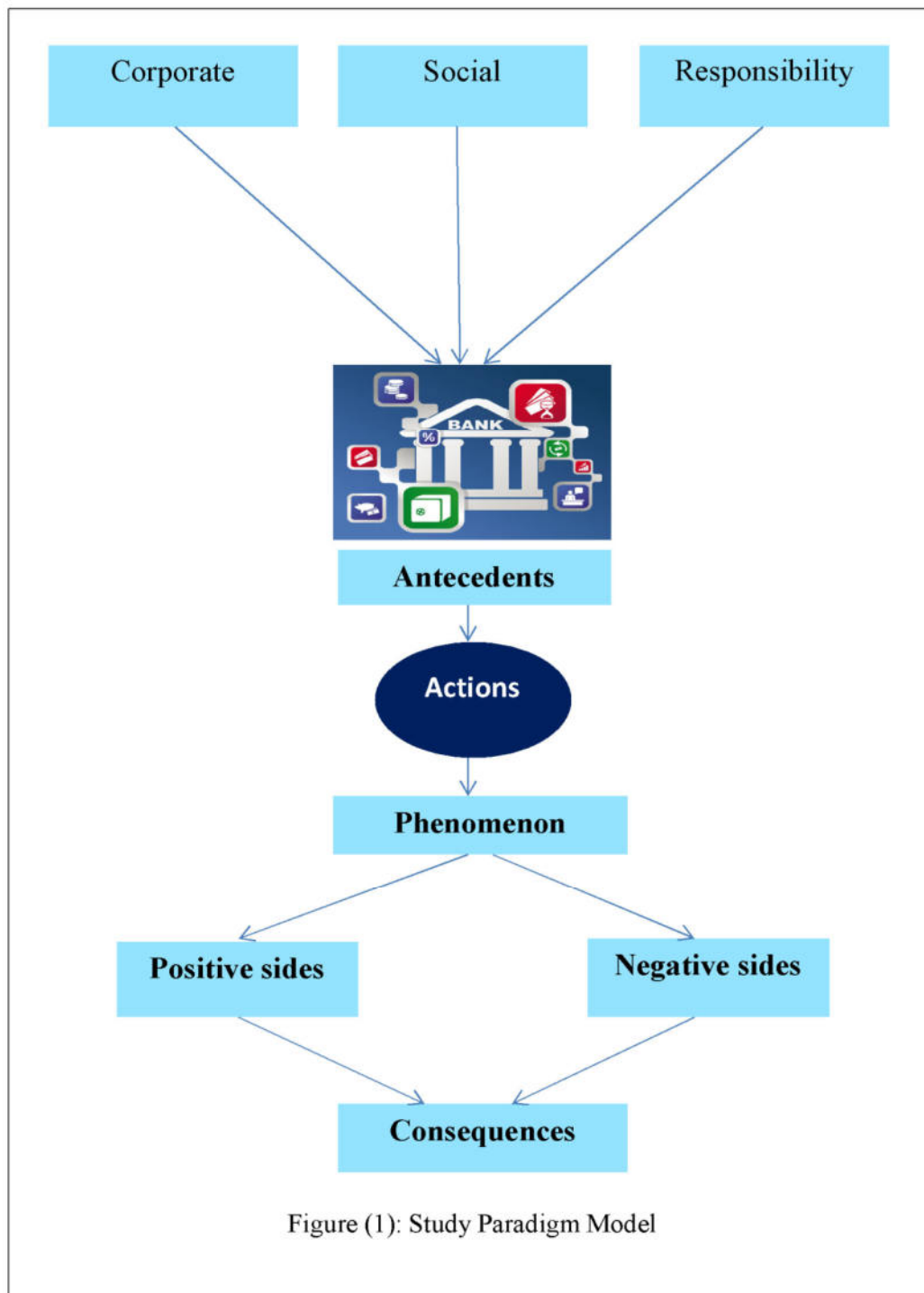
Category	Code
Antecedents	1 Bank size
	2 Bank profits
	3 Bank social attitude
	4 Bank age
	5 Governmental regulations
Phenomenon: Positive sides	6 Competitive advantages
	7 Loyal Customers
	8 Increasing growth
Phenomenon: Negative sides	9 Less competitive advantages
	10 Less loyal Customers
	11 Decreasing growth
	12 Legal consequences
Consequences	13 Less profits
	14 Less competitive advantages
	15 Legal consequences

### 1.10 Study Results

The core for this study is established upon the first indication of the problem statement and the study questions, consequently, the researcher has posed research questions as the interview questions. The analysis of interviews went through four main phases, according to the following study model.

#### 1.10.1 Study Paradigm Model

Through nodes or themes established being linked together; the model in Figure (1) is created entirely by utilizing NVivo 11. These relationships of concepts are rigorously established based on validation process in phase four selective data analysis.



### 1.10.2 Antecedents

Figure (2) shows the main themes comprised the identifying the effective determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector according to Bank employees' answers, which refers to (Bank size, Bank profits, Bank social attitude, Bank age, and Governmental regulations).

## Description of the effective determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector

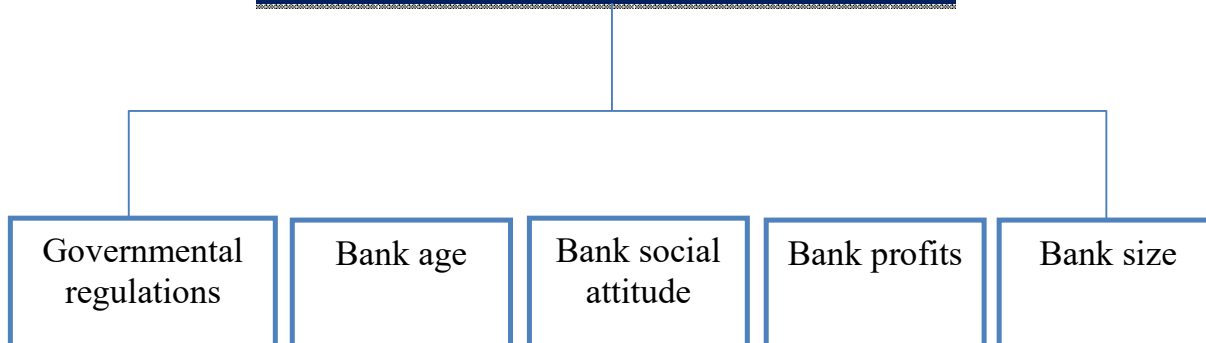


Figure (2): Main themes according to Bank employees' answers  
 And table (4) shows the themes for gender respondents.

Table (4): Themes for gender respondents

Themes	Male		Female	
	N	%	N	%
Bank size	14	28.00%	6	26.00
Bank profits	14	28.00	6	26.00
Bank social attitude	7	14.00	4	17.00
Bank age	9	18.00	2	08.00
Governmental regulations	6	12.00	5	23.00
<b>Total</b>	<b>50</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>

Data in table (4) shows that the highest theme approval for gender respondents is for both the (Bank size and the Bank profits) themes. And table (5) shows the themes for experience respondents.

Table (5): Themes for experience respondents

Themes	1-5 years		6-10 years		Over 10 years	
	N	%	N	%	N	%
Bank size	5	29.00	6	28.60	9	28.00
Bank profits	5	29.00	6	28.60	9	28.00
Bank social attitude	2	12.00	3	14.00	5	16.00
Bank age	2	12.00	4	19.00	6	19.00
Governmental regulations	3	18.00	2	09.80	3	09.00
<b>Total</b>	<b>17</b>	<b>100.0</b>	<b>21</b>	<b>100.0</b>	<b>32</b>	<b>100.0</b>

Data in table (5) shows that the highest theme approval for experience respondents is for both the (Bank size and the Bank profits) themes. And table (6) shows the themes for the job title respondents.

Table (6): Themes for job title respondents

Themes	Employee	Supervisor	Manger year	Total	
	N	N	N	N	%
Bank size	4	8	7	19	26.80
Bank profits	4	9	7	20	28.00
Bank social attitude	2	5	4	11	15.50
Bank age	1	4	6	11	15.50
Governmental regulations	2	5	3	10	14.20
<b>Total</b>	<b>13</b>	<b>31</b>	<b>27</b>	<b>71</b>	<b>100.0</b>

Data in table (6) shows that the highest theme approval for the job title respondents is for the (Bank profits) theme with the frequency of (20) and with the percentage of (28.00%).

### 1.10.3 Positive sides

Figure (3) shows the main themes comprised from positive sides of the effective determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector according to Bank employees' answers, which refers to (Competitive advantages, Loyal Customers, and Increasing growth).

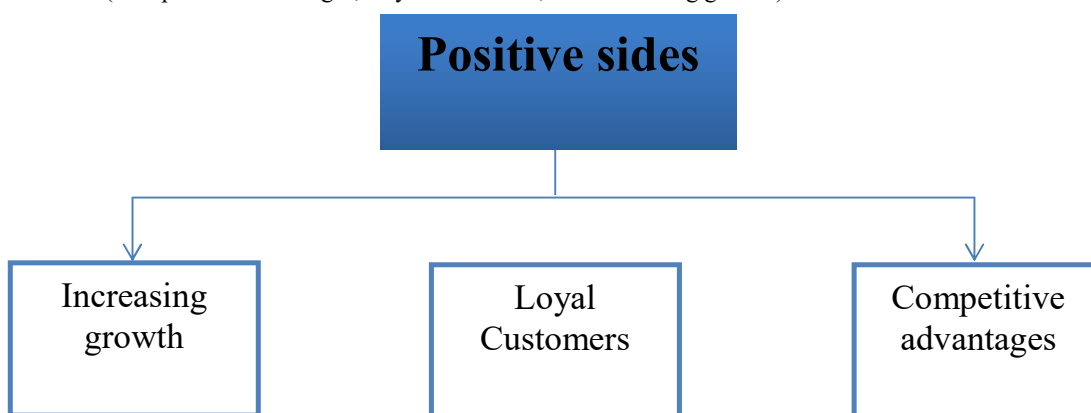


Figure (3): Main themes of positives according to Bank employees' answers

Table (7) shows the themes for the positive sides for identifying the effective determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector according to Bank employees' answers.

Table (7): Themes for positive sides respondents

Themes	Total	
	N	%
Competitive advantages	17	33.30
Loyal Customers	16	31.40
Increasing growth	18	35.30
<b>Total</b>	<b>51</b>	<b>100.0</b>

Table (7) shows that the highest theme approval for the positive sides for identifying the effective determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector according to Bank employees' answers is the (Increasing growth) theme with the frequency of (18) and with the percentage of (35.30%).

#### 1.10.4 Negative sides

Figure (4) shows the main themes comprised from negative sides for identifying the effective determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector according to Bank employees' answers.

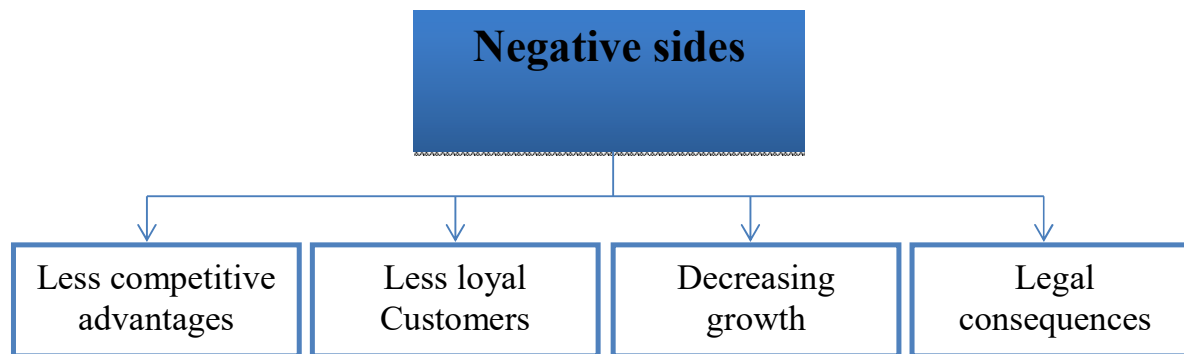


Figure (4): Main themes of negatives according to the Bank employees' answers

#### 1.10.5 Consequences

Figure (5) shows the main themes of the consequences affecting the determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector according to Bank employees' answers, which refer to (Less competitive advantages, Less loyal Customers, Decreasing growth and Legal consequences).

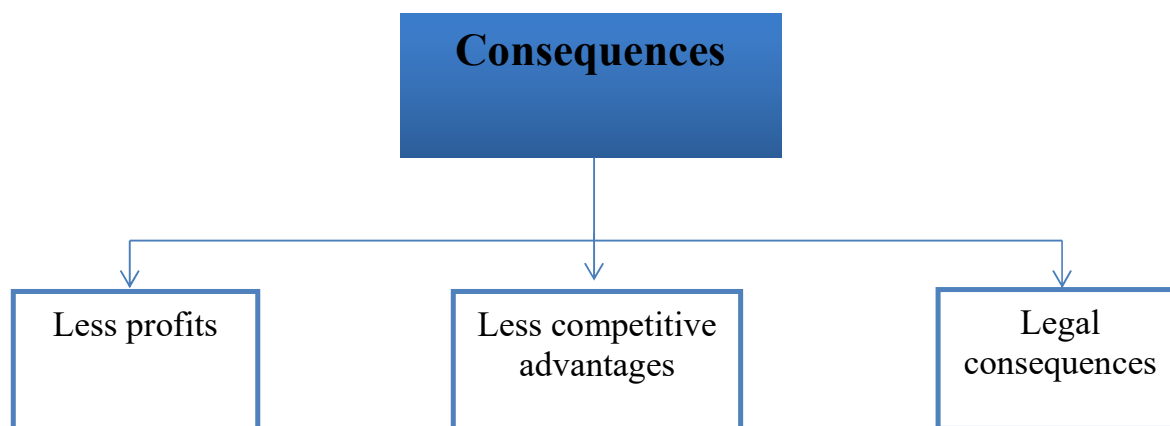


Figure (5): Main themes of consequences according to the Bank employees' answers

#### 1.11 Conclusion

For understanding the effective determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector according to Bank employees' answers. The responded to questions had secured Strauss and Corbin's five principle points in the utilization the effective determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector according to Bank employees' answers. Signs of the issue proclamation, and thusly the exploration points, which build up the focal course for the examination are given research questions, which the inquiries questions depend on. The examination of meeting experienced four fundamental stages, so as to get the study model.



The study model in Figure (1) is created altogether by using NVivo 11 as a result of themes and nodes created and being linked. These connections of ideas are thoroughly settled dependent on approval process in stage four and particular information examination. This model incorporates predecessors of the utilization of the effective determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector according to Bank employees' answers, positive and negative sides and the outcomes influencing the effective determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector according to Bank employees' answers. Attracting regard for the adequacy of grounded theory as a careful qualitative research methodology, which develops thoughts grounded in investigational information. Shown in the exploration discoveries; Bank employees' answers have been employed to authenticate the presentation of theoretical categories and have been utilized to confirm the introduction of hypothetical classifications, and after that examining the themes adaptability by elevating sources to articulate with respect to their personal insights of knowledge of the utilization of the effective determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector according to Bank employees' answers; which will frame significant and special results.

Accordingly, the researcher presumed that, it turned into a tenable speculation to be approved taking note of that the grounded theory set forward the methodology that did not start with a theory to be affirmed or discredited. Hence, it is an area to be extravagantly investigated by ongoing in-depth interviews until assimilation of the issue had been completed, the procedure sustained. However, it was the theme of "*Bank profits*" as a probable key category that led to the validation of the perceived hypothesis. In this manner, and in the rising classifications, the key classification that surfaced was that witnesses occupied with the utilization of the effective determinants of the Corporate Social Responsibility (CSR) in the Jordanian Banking Sector according to Bank employees' answers which could be regarded as the phenomena in the current research is "Bank profits".

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