The Impact of Corporate Social Responsibility Dimensions on Organizational Attractiveness in Jordanian Commercial Banks

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Abstract
The purpose of this study is to investigate the impact of corporate social responsibility (CSR) dimensions on organizational attractiveness from two perspectives; signaling theory and person–organization fit (P-O fit). A structured questionnaire was developed and applied on 103 students enrolled in a training course in commercial banks. Reliabilities and validities for constructs were measured and hypotheses were tested using hierarchical multiple regression. The results of the study revealed a positive impact of CSR related to customer and employee on organizational attractiveness, but this was not the case of CSR related to social and non-social stakeholders and government, in addition the results showed that P-O fit has a significant and positive effect on organizational attractiveness. This study measures directly the potential employee's trends toward the extent of practicing CSR by organizations and its impact on organizational attractiveness instead of using an experimental approach which made the results of this study more realistic. This study is considered to be a humble source to enrich the Arabic library with a new subject in the field of corporate social responsibility.

Keywords: corporate social responsibility, organizational attractiveness, Signaling Theory, Person-Organization fit

1. Introduction
Companies have drawn great attention to CSR as an investment in the long run which will end up to accomplish competitive advantage (Dentchev, 2004). This interest was communicated widely among companies utilizing conventional and electronic channels (Coupland, 2006) due to the significant increase of world and local authorities and international organizations instructions, in addition to consumer and investor pressures in financial markets (Fernando, et al., 2008). Organizations always opt to attract competent work force, by utilizing entire attracting means available, whether through advertising, recommendations of friends or employment bureaus. Organizations lately, proceeded to utilize their electronic sites for this purpose. Some studies indicated the significance of mentioning CSR in respect of organizational attractiveness and the desire to assign employees whereas most of them relied on the assumption of conceiving individual sample study according to different scenarios. The researchers denoted the varying level of expressing CSR of Jordanian commercial banks, whether through their yearly reports or their electronic sites. From here, the study problem comes out in its endeavor to answer the question “what is the effect of CSR practices on reinforcing organizational attractiveness?”

2. Literature review
2.1 Corporate social responsibility
CSR is described as an implicit contract between business and society, where organizations work toward creating positive impression for stakeholders to achieve potential benefits (Kanji and Chopra, 2010), knowing that human resource is one of main stakeholders and forms a source for realizing competitive advantage (Collins and Clark, 2003); where company roles are to attract highly qualified labor and maintain it. From here several studies emerged to achieve company's social performance role in reinforcing organizational attractiveness and loyalty. According to theory of stakeholders, companies' objectives are not any more confined only to maximize profits and it also was extended toward realizing sort of non-economical objectives of CSR (Pirsch, et al., 2007). Supporters of this theory justified their opinions by the profits the companies will gain from realizing their non-economical objectives. First, from the view of the theory of economic transactions, as the organization succeeds in satisfying stakeholders' needs, the organization will be capable to cooperate with all bodies, where this will be reflected on the abundance resulted from mechanism of official contracts commitment. Second, from the view based on resources, when companies adhere to their social role, they will guarantee the back up of stakeholders to let them realize success, due to the close relationship between practicing CSR and company reputation (O, Shaughnessy, et al., 2007). Although CSR ideas have become common in the literature of the study, but it still lacked specific definition (Mackey, et al., 2007). Smith (2003) defined CSR as “organization
related to the job. Social identity theory may help to explain the relationship between CSR and organizational attractiveness; because candidates used signals they obtained as motivators to join a certain organization.

2.2 Corporate social responsibility and organizational attractiveness

Several empirical studies support the importance of CSR as a predictor of organization attractiveness (Greening and Turban, 2000; Backhaus et al., 2002; Kim and Park, 2011, Kang and Alcantra, 2011, Bettina, 2012). Organizational attractiveness is defined as “the potential benefits expected to be gained by working for a certain organizational” (Berthon et al., 2005). Bratton and Gold (2003) defined it as “the desired reaction between potential job applicants and the organization as a whole (Cetindamar and Husoy, 2007). It is seen from the mentioned above that the aforesaid definitions imply several meanings and it has indicated that the objectives of business institutions have not been confined on maximizing profits and observing rules and regulations only, but, they have been extended to provide service to society. Companies have become aware of the reflection of its decisions on stakeholders. They know that they have to balance their interests and their needs to maximize profits must be considered properly. CSR represents a multi-dimensional structure (Bettina, 2012), and several world standards emerged to measure companies performance of CSR, these standards reflect worldwide non-agreement in dimensions of CSR. Hence, this indicates that changes will take place in due time, and also there are differences in cultures and industry. In the context of literature of this study, which took up that the present research had considered basically three standards represented in Carroll scale, which was based on arranging CSR practices into four dimensions, which reflected economical, legal, ethical and charitable aspects (Pirsch et al., 2007). Kinder, Lydenberg and Domini (KLD) scale which arranged companies according to eleven standards, most significant focused on environment, society, labor force, customers and diversity (Backhaus et al., 2002). Finally, some studies adopted the measurement of CSR, according to main stakeholders such as the society, environment, employees and customers (Kanji and Chopra, 2010). Weber (2008) refers to CSR benefits in:

1. Establishing positive image and good reputation for the organization among interest groups.
2. Attracting competent work force and enhancing incentives among workers.
3. Raising sales volume and market share by setting up preferences and positive actions toward company merchandise or service.
4. Maintain cost savings and this depends on related studies to persistence.
5. Reducing the linked risks with CSR in respect of confronting mass media or consumer boycott and non-government bodies.

Lately, studies of CSR had grown and focused on three directions, first, identifying the extent of implementing aspects of CSR on companies and their reflection on the companies outputs. Other studies went to explain the effect CSR on present and potential workers, studies had proved the role of CSR toward organizational loyalty (Turke, 2009; Collier and Esteoann, 2007) and job performance (Ray, 2006). Also, other studies had proven the effect of CSR on organizational attractiveness and the desire of potential workers to be appointed.

The first theory: Signaling Theory

Supporters of this theory see that any information researchers obtain in respect of jobs will affect the general impression about the organization (Braddy et al., 2008). Signaling Theory happens usually in the absence of information about the organization, which job applicants are interested to know (Behrend et al., 2009). Therefore the individual will rely on intuitions as a guide to job nature and function of certain organization (Reeve and Schultz, 2003). Studies have proven the significance of CSR for organizational attractiveness, through enhancing organization reputation (Behrend et al., 2009) and expectation the manner of the organization in dealing with its workers (Jones et al., 2009) for those who are looking for jobs. Bettina, 2012, suggested that Signaling Theory and Social Identity Theory may help to explain the relationship between CSR and organizational attractiveness; because candidates used signals they obtained as motivators to join a certain organization.

The second theory: Person - Organization fit between the individual and the organization

Person - Organization fit between the individual and the organization, forms the yard stick for individual direct character harmony and direct characters of the organization as a whole (Ambrose et al., 2008), through the
extent of secured needs of workers by the organization or the standpoint of both parties shared characteristics such as culture and objectives or both (Morley, 2007). A number of studies indicated the significance of convenience between the individual and the organization to attract and preserve workers (Coldwell et al., 2008). When realizing that ethical convenience represents one of significant characteristics concerning creating convenience between the individual and the organization, so CSR will affect organizational attractiveness in consideration of being as a dimension of organization ethical manners (Kim and Park, 2009; Valentine, et al., 2002; Jones, et al., 2009). From here we can say that CSR contributes to enhance organizational attractiveness and loyalty, by the convenience between the individual and organization. In other words, the job seeker in the first step of socialization process with the organization builds perceptions of fit by the information he has gained about CSR performance, and then he begins to develop perceptions about organizational attractiveness. Therefore, many organizations adopted the policy of setting up a probation period for new workers to recognize their abilities and knowledge in carrying out their jobs along with the extent of their understanding the common prevailing culture of the organization.

The third theory: Social Identity Theory

This theory focuses on that individuals seek always toward preserving positive self identity by categorizing individuals into social groups where they like to belong to the group which provides them distinguished features compared to other groups (Goldberg, 2003). It also, contributes to satisfy needs of self evaluation, self harmony and extent of convenience (Highhouse, et al., 2007). Therefore, organizations which stress on CSR will contribute in enhancing organization attractiveness by a number of positive acts of reinforcing the concept of self for them (Greening and Turban, 2000).

3. Research Model and Hypotheses

This study focuses on analyzing the direct impact CSR and indirect impact through the person-organization fit as shown in Figure 1 below. The study model was built based on Kim and Park, 2009; Jones, et al., 2009 studies.

![Figure1. CSR, P-O fit and organizational attractiveness model](image)

**H1:** The CSR related to customer positively affects the perceived organizational attractiveness.

**H2:** The CSR related to employee positively affects the perceived organizational attractiveness.

**H3:** The CSR related to social and non-social stakeholders positively affects the perceived organizational attractiveness.

**H4:** The CSR related to government positively affects the perceived organizational attractiveness.

**H5:** The P-O fit mediated the impact of CSR dimensions on the perceived organizational attractiveness

4. Research design

4.1 Participant

The participants in this study were undergraduate students enrolled in training course at Al-Balqa Applied University in Jordan. The studied sample contained 103 students voluntarily participated in this study. The sample consisted of 57.3% female and 42.7% male. GPA mean of respondents was 2.67/4 (SD = .475) and the majority of participants was 45.6% from accounting information system, 31.3% from business administration and 23.3 from management information system.

4.2 Measures

4.2.1 Independent variable

The researchers assessed CSR with 17 items adapted from the scale developed by Turker (2006). The scale has four dimensions measures CSR related to social and non-social stakeholders, CSR related to employees, CSR related to customer, and CSR related to government. Participants responded to CSR statement by rating degree to which they agreed with each statement using 5-points Likert scale. The scale ranged from 1 strongly disagree to 5 strongly agree.
4.2.2 Dependent variable
The researchers used four items to measure organizational attractiveness, developed by Turban and Keon, 1993, respondents indicate via 5-point Likert scale where (1) strongly disagree and (5) strongly agree. An example is, "I find the job with this company attractive".

4.2.3 Mediator variable
P-O fit was measured with four items scale developed by Netemeyer, et al. (1997).

4.2.4 Control variables
The researchers chose several control variables that have been appeared to be related to organization attractiveness on the basis of previous studies (Hu, et al., 2007; Jatmiko, 2004; Dineen et al., 2002) which reported the importance of gender (1= male, 2= female), working experience (1= no experience, 2= experience) and GPA.

4.3 Procedure
The researchers developed the study instrument and translated it into Arabic language, then presented it to specialists for those who have knowledge and skills in both Arabic and English language afterwards, they presented it to specialists in the field of business administration. The items were encoded and integrated into SPSS program for analysis and hypothesis testing. The researchers recruited Al-Balqa Applied University students who were trained in one of Jordanian banks as a requirement in the university's academic plan for one semester by an announcement. Based on the announcement 103 students responded voluntarily.

4.4 Reliability and Validity
Cronbach’s alpha was used to measure internal consistency reliability for each construct as shown in table 2. all the constructs scored above 0.60 (Sekaran, 2010) and therefore are considered reliable in all aspects. Convergent validity measures the agreement among multiple items measuring the same construct. Hair (2010) suggested the convergent validity of measures can be verified by three criteria:
(1) All item loadings should be significant and exceed 0.5
(2) Composite reliabilities should exceed 0.7
(3) Average variance extracted (AVE) for each construct should exceed 0.5
Based on results in table 1 all criteria are achieved thus, convergent validity was supported. Discriminant validity refers to the degree to which a construct differs from other related constructs. The researchers employed the criterion recommended by Fornell and Larcker, (1981), the square roots of average variance extracted (AVE) should exceed the correlation between any pair of constructs. As depicted in table 2 the square roots of AVE on the diagonal are higher than the inter-construct correlations, thus discriminant validity was supported.
### Table 1. Confirmatory factor analysis results on measurements

<table>
<thead>
<tr>
<th>Construct</th>
<th>Item</th>
<th>Factor loading</th>
<th>Construct reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR to social and non-social stakeholders</td>
<td>CR 1</td>
<td>0.806</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CR 2</td>
<td>0.782</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CR 3</td>
<td>0.711</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CR 4</td>
<td>0.625</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>CR 5</td>
<td>0.757</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CR 6</td>
<td>0.827</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR to employees</td>
<td>CR 7</td>
<td>0.756</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>CR 8</td>
<td>0.797</td>
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<td></td>
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<tr>
<td></td>
<td>CR 9</td>
<td>0.834</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>CR 10</td>
<td>0.760</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>CR 11</td>
<td>0.719</td>
<td></td>
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<tr>
<td></td>
<td>CR 12</td>
<td>0.884</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR to customers</td>
<td>CR 13</td>
<td>0.764</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CR 14</td>
<td>0.756</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CR 15</td>
<td>0.827</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR to government</td>
<td>CR 16</td>
<td>0.752</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CR 17</td>
<td>0.752</td>
<td></td>
<td></td>
</tr>
<tr>
<td>P-O fit</td>
<td>P-O 1</td>
<td>0.736</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>P-O 2</td>
<td>0.619</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>P-O 3</td>
<td>0.725</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>P-O 4</td>
<td>0.765</td>
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<td></td>
</tr>
<tr>
<td>Organizational attractiveness</td>
<td>OA1</td>
<td>0.760</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OA2</td>
<td>0.532</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OA3</td>
<td>0.739</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OA4</td>
<td>0.769</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 4.5 Data Analysis

Descriptive statistics such as frequencies, percents, means, standard deviations and intercorrelations were computed to describe the sample characteristics and study variables. Hypotheses were tested using hierarchical multiple regression as suggested by Baron and Kenny (1986) and Kenny (2003), the researchers test the impact of mediator variable on the relation between the independent and dependent variable.

#### 5. Results

Table 2 shows the means, standard deviations, and inter-correlations of the study variables. As depicted in Table 2 the means for CSR dimensions ranged from 3.40 to 4.05 indicating moderate to high perception of the sample toward the CSR dimensions. P-O fit and organizational attractiveness for the sample were considered high with a mean score of 3.81 and 3.89, respectively. Before examining the hypotheses listed previously, the researchers summarize the major findings of the correlation. First, the results indicate that there is a significant and positive correlation between the CSR dimensions (CSR to customers, CSR to employees and CSR to community) and organizational attractiveness and ranged from 0.182 to 0.396 second, as shown in Table 2. P-O fit was found to have a significant and positive associations with organizational attractiveness ($r=0.629$, $P<.01$). Third, only CSR related to customer and CSR related to employees were correlated with P-O fit ($r=0.295$ and $r=0.330$) respectively.
Table 2. Descriptive statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Alpha</th>
<th>Mean</th>
<th>S.D</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR-customer</td>
<td>0.829</td>
<td>4.05</td>
<td>.660</td>
<td>(.569)</td>
<td>.265**</td>
<td>(.793)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR-employee</td>
<td>0.845</td>
<td>3.71</td>
<td>.554</td>
<td>(.569)</td>
<td>.293**</td>
<td>(.783)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR-social and non social stakeholders</td>
<td>0.791</td>
<td>3.40</td>
<td>.696</td>
<td>.138</td>
<td>.279**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR government</td>
<td>0.784</td>
<td>3.48</td>
<td>.773</td>
<td>.074</td>
<td>.511**</td>
<td>.317**</td>
<td>(.752)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>P-O fit</td>
<td>0.770</td>
<td>3.81</td>
<td>.844</td>
<td>.295**</td>
<td>.330**</td>
<td>.050</td>
<td>.133</td>
<td>(.713)</td>
<td></td>
</tr>
<tr>
<td>Organizational attractiveness</td>
<td>0.752</td>
<td>3.89</td>
<td>.955</td>
<td>.371**</td>
<td>.396**</td>
<td>.182</td>
<td>.289**</td>
<td>.629**</td>
<td>(.707)</td>
</tr>
</tbody>
</table>

**Sig<.01, *Sig<.05

5.1 Hypotheses Testing

The researchers conducted hierarchical regressions analyses to test the impact of CSR dimensions on organizational attractiveness. Model 1 captures the direct impacts of CSR dimensions on the organizational attractiveness, after including the control variables in model 1 (gender, GPA, and experience). The addition of CSR dimensions accounts for an additional 29% (∆F=9.855; P<.01) of the variance in organizational attractiveness. The coefficients of CSR related to customer (β=.202, P<.05) and CSR related to employees (β=.312, P<.01) are statistically significant, so we accept H1-1 and H1-2, but this was not the case for CSR related to social and non-social stakeholders (β=.110, P>.05) and CSR related to government (β=.142, P>.05), so we reject H1-3 and H1-4.

To test for the mediation effects of person – organization fit on the relationship between CSR dimensions and organizational attractiveness (H2), four-step procedure suggested by Baron and Kenny (1986) was followed. In step 1 the researchers test the impact of CSR dimensions on the organizational attractiveness as depicted in model 1. The second step they test the effect of CSR dimensions (independent variable) on P-O fit (mediator variable), the result of model 2 revealed statistically significant of CSR related to employees (β=.340, P<.01). The third step is to examine the impact of P-O fit (mediator variable) and (dependent variable) organizational attractiveness, the model 3 in Table 2 shows that P-O fit has significant and positive effect on organizational attractiveness (β=.608, P<.01). In step 4, they added the mediator, P-O fit, to Model 1 to examine whether it reduces the effects of the independent variable to non-significance. As model 4 in Table 2 shows the effect of CSR on organizational attractiveness becomes non significant. The findings indicate that the insertion of the P-O fit attenuates the relationship between CSR and organizational attractiveness, so we accept H2.

Table 3. Hierarchical Regression results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>β</td>
<td>t</td>
<td>β</td>
<td>t</td>
</tr>
<tr>
<td>Control variables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>-.111</td>
<td>-1.217</td>
<td>-.173</td>
<td>-1.694</td>
</tr>
<tr>
<td>GPA</td>
<td>.087</td>
<td>.969</td>
<td>.043</td>
<td>.430</td>
</tr>
<tr>
<td>Past experience</td>
<td>-.245</td>
<td>-2.779**</td>
<td>-.030</td>
<td>-.306</td>
</tr>
<tr>
<td>CSR dimensions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR - customer</td>
<td>.202</td>
<td>2.222*</td>
<td>.127</td>
<td>1.259</td>
</tr>
<tr>
<td>CSR – employee</td>
<td>.312</td>
<td>2.879**</td>
<td>.340</td>
<td>2.814**</td>
</tr>
<tr>
<td>CSR - social and non-social stakeholders</td>
<td>.110</td>
<td>1.194</td>
<td>.013</td>
<td>.122</td>
</tr>
<tr>
<td>CSR - government</td>
<td>.142</td>
<td>1.372</td>
<td>.012</td>
<td>.106</td>
</tr>
<tr>
<td>P-O fit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>.332</td>
<td>.170</td>
<td>.407</td>
<td>.521</td>
</tr>
<tr>
<td>∆R²</td>
<td>.290</td>
<td>.157</td>
<td>.385</td>
<td>.189</td>
</tr>
<tr>
<td>∆F</td>
<td>9.855**</td>
<td>4.312**</td>
<td>57.848**</td>
<td>35.570**</td>
</tr>
</tbody>
</table>

**Sig<.01, *Sig<.05
6. Conclusions
The main objective of the current study is to investigate the impact of CSR on organizational attractiveness from two perspectives: Signaling Theory and Person-Organization fit. The results of the study revealed a positive impact of CSR related to customer and employee on organizational attractiveness but this was not the case of CSR related to social and non-social stakeholders and government. These results are consistent with Bettina, 2012 study which found that diversity and employee relations have the strongest influence on the organizational attractiveness, on the other hand, environmental issues found to have less impact. These results can be justified specially in banking environment in which CSR related to customer and employee are dimensions strongly linked together due to the nature of banks work. The central operation of bank is to satisfy customers and services are provided by employees, so banks have become aware to reach an equilibrium state between customer needs and meeting employees’ expectations, so the new coming member who expects to join the bank will notice bank concern to satisfy customer and meet employee needs, so all these aspects will provide the job seeker with positive signals about the bank and attract him, this result is consistent with Kim and Park, 2011 study which found that P-On fit serves as a mediator between CSR performances and organizational attractiveness. In other words bank management eases the socialization process of the new members through building organizational attractiveness. Management theorists have noted that the truly effective organization is one in which both the organization and the individual can grow and develop. This study reflects the significance of practicing CSR in Jordanian commercial banks on the attraction of appointing people. Also, results show decision makers in Jordanian commercial banks, the significance of expressing their social responsibility through entire available channels, especially that they have taken the initiative of utilizing its electronic sites to attract competent human force that is able to execute their designated work with high level of skill and innovation. The best choice of candidates will contribute saving costs of preparing and training individuals and avoid having losses as a result of appointing unqualified individuals. This process contributes in reducing work cycle and increasing dynamics of banking development through appointing appropriate individuals to implement its strategy. Most past studies focused on demonstrating the role of CSR in organizational attractiveness by experimental approach and utilizing electronic sites or scenarios, but, this study went through the measurement of potential workers trends toward the extent of practicing CSR by organizations and its impact on organizational attractiveness, which made results of this study more realistic. In addition the scarce of Arab studies in general which dealt with the subject of CSR and organizational attractiveness considered this paper to be a humble source to enrich the Arabic library with a new subject in the field of social responsibility.

References


