

SOCIAL RESPONSIBILITY AND ITS ROLE IN MAXIMIZING CORPORATE PROFITS APPLIED RESEARCH IN TELECOMMUNICATIONS COMPANIES IN IRAQ

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Abstract

The research aims to identify the reality of social responsibility practices among customers of telecommunications companies in Iraq with a search for social responsibility initiatives pursued by the most important telecommunications companies that are active in Iraq, where the data that was taken from Khatam Telecom Company (Zain) and Asiacell related to the level of spending on social responsibility, which is reflected in maximizing the profits of those companies, and the research reached several results, including the presence of indicators of customer interest in the services of telecommunications companies in Iraq with social responsibility, except It is noticeable that the social practices that are adopted can be considered tactical measures resorted to by customers at certain times such as national and religious holidays , and that Zain's social expenses have a significant impact on increasing the company's profits, unlike the expenses of Asa Cell, which turned out to not affect the increase in the company's profits throughout the research years 2011-2021, which requires Asa Cell to use another type of expense that contributes to increasing profits.

Keywords: Social Responsibility, Profit Maximization, Zain Iraq, Asiacell, Community Service.

1- Introduction

Social responsibility is the focus of controversy and attention of many researchers and those interested after this interest was focused in its early stages on the nature of the goals sought by telecommunications companies in Iraq and the extent of spending on community service.

This research came to determine the mechanism by which the activities and social practices carried out by telecommunications companies in Iraq are formulated within the framework of community service in which they operate, and in order to achieve this purpose, data were taken regarding the extent of spending on social responsibility and the variable of the rise or fall of the level of profits from these companies during the years 2011-2021 and telecommunications companies in Iraq were chosen as a field of research according to the applied approach, and the selection of these companies came for two reasons, the first is the existence of social practices and activities It was selected through the data and records of companies for the past period and may be the cornerstone of the formulation of social responsibility, and the second is the continuation of the company's non-stop work after 2011, unlike other sector companies that have been hit by stoppage.

The research problem was formulated according to the questions that revolve around the formulation of social responsibility in order to achieve profit maximization, and the importance of the research highlights the importance of the two variables and the growing interest by researchers and specialists in social responsibility and its benefits, as well as the need for Iraqi business organizations to realize the theoretical concepts and real practices of social responsibility, and the extent of its potential to maximize profits. Two main hypotheses and used a set of statistical methods that were addressed by the ready-made statistical program (spss26).

2- Research Methodology

The problem is that maximizing profits and the interest of companies and business organizations in decisions that organize financial performance without broad attention to social responsibility, which is the competitive element at the present time, as the balance of social activities is often specific and focuses a lot on (charitable work, and this led to the loss of the relationship and positive support that social responsibility activities can provide to the company's economic business activities, and the research problem can be summarized by trying to answer the following questions:

* Have the Iraqi business companies succeeded in the research sample in their policies related to social responsibility, which is reflected in community service?

Does the social responsibility of telecommunications companies in Iraq contribute to maximizing profits?

Does social responsibility contribute to achieving customer satisfaction, which is reflected in economic performance?

* Is there a correlation and impact between social responsibility and maximizing the profits of the research sample?

The importance of research: - The importance of research highlights the importance of the variables of social responsibility and maximizing profits that arouse the interest of many researchers, scholars, and professionals alike, and therefore the current study gains its importance through:

- * Great interest in social responsibility management and its benefits on the research sample's business companies.
- * Social responsibility is reflected in the market share of the research sample companies, which leads to maximizing the profits of companies.
- * Social responsibility will be greatly reflected in achieving the competitive advantage of companies in the communication sector.
- * Contribute to providing tools that help achieve positive superiority for Iraqi telecommunications companies in facing environmental and societal challenges and pressures.

Research Objectives:

- * Measuring the success of corporate management in the research sample in managing social responsibility, which leads to maximizing corporate profits.
- * Formulate a conceptual framework that explains the relationship between social responsibility in a way that maximizes profits.
- * Measuring the relationship and impact between social responsibility and profits in the companies of the research sample.
- * Provide recommendations and results that can help improve the performance of the research sample companies and gain a competitive advantage.
- * Knowing which companies are better at serving the community.

Research Hypotheses: -

The first hypothesis: - There is a significant correlation between the level of spending on social responsibility and the level of profit maximization

The second hypothesis: - There is a significant effect between the level of spending on social responsibility and the level of profit maximization

Description of the research community and sample:

The research community embodied in the Iraqi joint stock companies listed on the Iraq Stock Exchange as leading companies that continued their work for relatively long periods and succeeded in achieving good performance levels, as well as the availability of the necessary data for analysis, and the research sample included the telecommunications sector represented by Khatam Telecom companies (Zain Iraq) and Asiacell for the period extending from (2011-2021).

3- The concept of corporate social responsibility:

There are several concepts of social responsibility and they often carry the same meaning to the extent to which companies assume their responsibility towards stakeholders such as shareholders, consumers, customers, suppliers, workers, the environment, and society. (*William & David, 2006:5*) It has also been defined by the World Business Council for Sustainable Development as the ongoing commitment of

businesses to act ethically, contribute to economic development, and improve the quality of living conditions of the workforce and their families, as well as the local community and society at large. The European Union **defines social** responsibility as a concept whereby companies voluntarily include social and environmental considerations in their business and in their interaction with stakeholders. The European Union emphasizes the idea that social responsibility is voluntary, which does not require the enactment of laws or the establishment of specific rules that companies adhere to to carry out their responsibility towards society (Hourani, 2005:78). Continued commitment on the part of the business to act and contribute to the economic development of the company while improving the quality of life of the workforce, their families, the local community and society at large (Labbai, 2007:2) ALAMAL's commitment to the community in which it operates by contributing to a wide range of social activities to fight poverty, improve health services, combat pollution, create jobs and solve the housing and transportation problem (Holmes 2017: 345) is a term that focuses on treating stakeholders ethically and responsibly (Hopkinis, 2003:30) and defines it as the overall responsibility of the organization and directed by senior management to respond to the needs and expectations of stakeholders from inside and outside the organization (Al-Malik, 2009: 15) Activities covering the relationship between the business organization and the community with which it deals (96Duane, 2006:)

4- The development of social responsibility: -

The concept of social responsibility carries three dimensions in an integrated manner, and links them (company, society, and responsibility), it achieves the relationship and dependence or integrated between the business organization and the community in which it operates, and includes responsibilities that strengthen between both sides, and represents the level of expansion in the definition of social responsibility of society, the development that included the concept of social responsibility (*Wim, 2007:78*), in its broad concept, defines society in its broadest form as (stakeholders in business organizations) and for various levels that maintain continuous and evolving interests with the organization (*William & David, 2006:6*), and the concepts of social responsibility have extended and evolved starting with economic responsibility and passing through legal responsibility and moral responsibility to reach the Voluntary assertive that social responsibility was determined by the benefits and obligations exercised in the light of which the business organization (social activities) (Al-Ghalbi, 2005: 78) However, these benefits and obligations with development made the management of companies and business organizations realize the economic, social and other benefits resulting from the planned and serious attention to the requirements of social responsibility, which made its adoption voluntary (*KokK, 2007: 185*) (Al-Wandawi, 2002: 40). Therefore, social responsibility was considered in a framework that includes the voluntary economic, legal and ethical

aspects of the organization's work, as well as its ability to respond to what society expects of it at the same time. (Carroll, 1979:501) (Owner, 2009: 19), and Figure 1 illustrates these aspects through the Carroll pyramid of social responsibility.

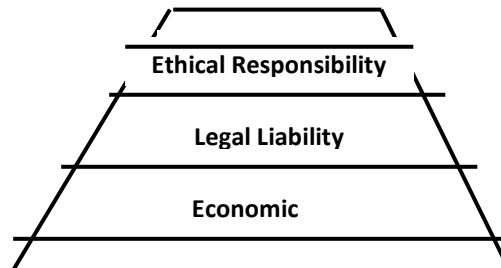


Figure (1)

Carroll's Pyramid of Social Responsibility

Source: Carroll Archie B & Buchholtz z. Ann. K, Business, And Society. Thomson .2002;40

5- The importance of social responsibility:

Social responsibility is of great importance that can be accomplished in the following elements (1:1 Carrsasco, 2008) (Al-Qabas, 2008: 44):

Companies: Improving the company's image in improving the positive appearance, especially among customers, improving the prevailing work climate and job satisfaction in the business organization, spreading cooperation and interdependence between the various parties and social stability as a result of providing a kind of social justice and the rule of the principle of equal opportunities, which is the essence of the social responsibility of business organizations; Correct and accurate.

Community: by doing more public welfare, which includes: contributing to supporting the infrastructure, establishing universities, hospitals, schools, and parks, contributing to reducing the problem of unemployment, supporting some activities such as sports, social and recreational clubs, respecting customs and traditions, supporting civil society institutions, providing assistance to people with special needs, continuous support for health and scientific centers, sponsoring charitable works, Protecting the environment from damage resulting from the organization's activity, contributing to environmental protection campaigns and preserving natural resources, adopting a rational environmental policy. Social responsibility includes the following dimensions: (Bhattacharyy2018:89), 2005:99) (k:- Hoon

▪ **Economic** dimension: This dimension refers to creating added value, increasing production, reducing prices through the production of goods and services, improving the level of income, providing job opportunities, and contributing to reducing the high level of unemployment.

- **Legal dimension:** includes a variety of aspects related to the impact of the organization's operations on individuals inside and outside the organization, such as sound business relationships.
- **Ethical dimension:** the sum of behaviors and activities that are not necessarily uniform within a legal framework, but as members of society we expect the institution to carry them out.
- **The human dimension:** It is the benefits and advantages that the community wants to obtain from the institution, such as support for local community projects and charitable activities, and this dimension contributes to enhancing the image of the institution in the mind of the citizen.

6- Applied aspect:

Asiacell Company:

Asiacell is the leading provider of high-quality mobile telecommunications services in Iraq and has more than 12 million subscribers. Asiacell is the first network in Iraq as the first mobile telecommunications service provider in Iraq and has achieved coverage of all parts of it, as the company provided its services in all eighteen Iraqi governorates, including the capital Baghdad and all major Iraqi cities. Asiacell's network covers 99.09% of Iraq's population. This makes its coverage the widest among mobile operators in Iraq.

Asiacell Cellular Communications Company was established in 1999 by Iraqi businessman Farouk Mustafa Rasul, making it the first Iraqi cellular telecommunications company in Iraq. In 2012, the French marketing research company Altai announced that Asiacell is the number one brand in Iraq not only in the field of mobile communications but in all sectors, which reflects the strong presence of the Asiacell brand.

At the beginning of 2015, Asiacell obtained a license to operate third-generation services within the scope of its network in Iraq, through which it provides high-quality voice and video communication and high-quality data speed.

Zain Company (Khatam Communications):

It is the mobile telecommunications group «Zain» and was established in 1983 as the first mobile operator in the Middle East and Africa, and the company has a subscriber base of more than 45.2 million subscribers, and «Zain» is one of the companies contributing to the field of mobile communications in the Middle East and North Africa, it enjoys a distinctive geographical spread, thanks to its presence in 8 countries, and the «Zain» Group provides its services in the markets of Kuwait and the Kingdom of Bahrain, Saudi Arabia, the Hashemite Kingdom of Jordan, Iraq, Sudan, South Sudan and Lebanon (management contract), in addition to Morocco by owning a 15.5% stake in Inwi Morocco. Zain sees itself as a key partner to the communities in

which it serves, seeking that its economic, social and cultural projects contribute to making a positive impact on people's lives.

Table 1: The level of profits and social responsibility

Asiacell earnings (dinar)	Zain earnings (dinar)	Social Responsibility Asiacell (dinar)	Social Responsibility Zain (dinar)	Years
115011585000	485371544580	231957000	0	2011
662170059000	484810407004	1202541000	750413957	2012
580505000000	225103521240	1478000000	16559218	2013
344709000000	332708168520	849000000	948726090	2014
534700000000	112842709416	686000000	17236526	2015
295090000000	291526158221	1033000000	111263253	2016
384770000000	222708168533	621000000	1041070	2017
149820000000	132942708417	1924000000	1251669	2018
172214000000	191577158331	2136000000	32365489	2019
243618000000	224910407994	3918000000	32659812	2020
334114000000	335125621240	1682000000	32659852	2021

Zain:

Model Summary ^b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.740 ^a	.547	.497	8878911 9723.24 4	.547	10.870	1	9	.009
a. Predictors: (Constant), Social Responsibility Expenses Zain Company									
b. Dependent Variable: Zain Profits									

The table (2) above shows the value of the linear correlation (R) between the dependent variable on the one hand and the independent variable

The table above shows the value of the linear correlation (R) between the dependent variable on the one hand and the independent variable on the other hand, as it indicates that the correlation is strong, which indicates a good predictive equation, as

its value reached (74%), while the value of (R Square), which represents the square of the correlation coefficient, which is here within (55%), which is the possibility of interpreting the independent variable 55% of the variance of the dependent variable.

The table (3) above shows the value of the linear correlation (R)

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	85691704739229 770000000.000	1	85691704739229 770000000.000	10.870	.009 ^b
	Residual	70951570031056 870000000.000	9	78835077812285 42000000.000		
	Total	15664327477028 6650000000.000	10			

a. Dependent Variable: Zain Profits
b. Predictors: (Constant), Social Responsibility Expenses Zain Company

From the above table, the value of sig is equal to (0.009), which is less than the significant value, which is equal to (0.05), and therefore we accept the null hypothesis, that is, the value is statistically significant and that the model is predictable with the values of the dependent variable (profits)

The table(4) above shows the most important results of regression

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	215977861647.85 7	32431043715.350		6.660	.000
	Social Responsibility Expenses Zain Company	263.851	80.029	.740	3.297	.009

a. Dependent Variable: Zain Profits

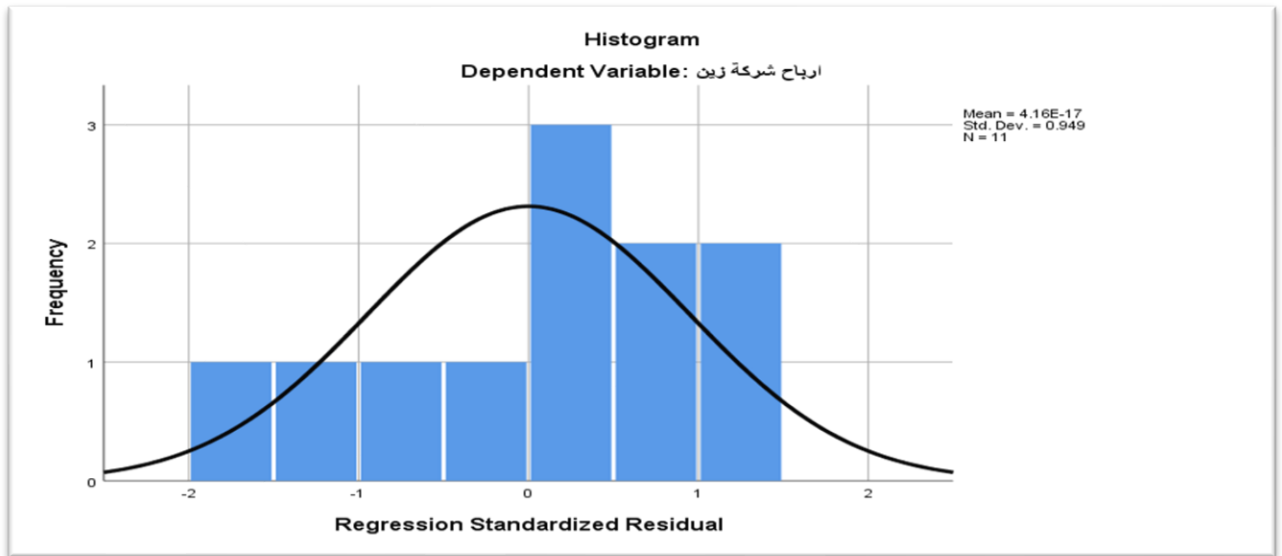
The table above shows the most important results of regression, which are represented by the following equation:

$$Y = \beta_0 + \beta_1 x_1$$

$$Y = 215977861647.857 + 263.851 x_1$$

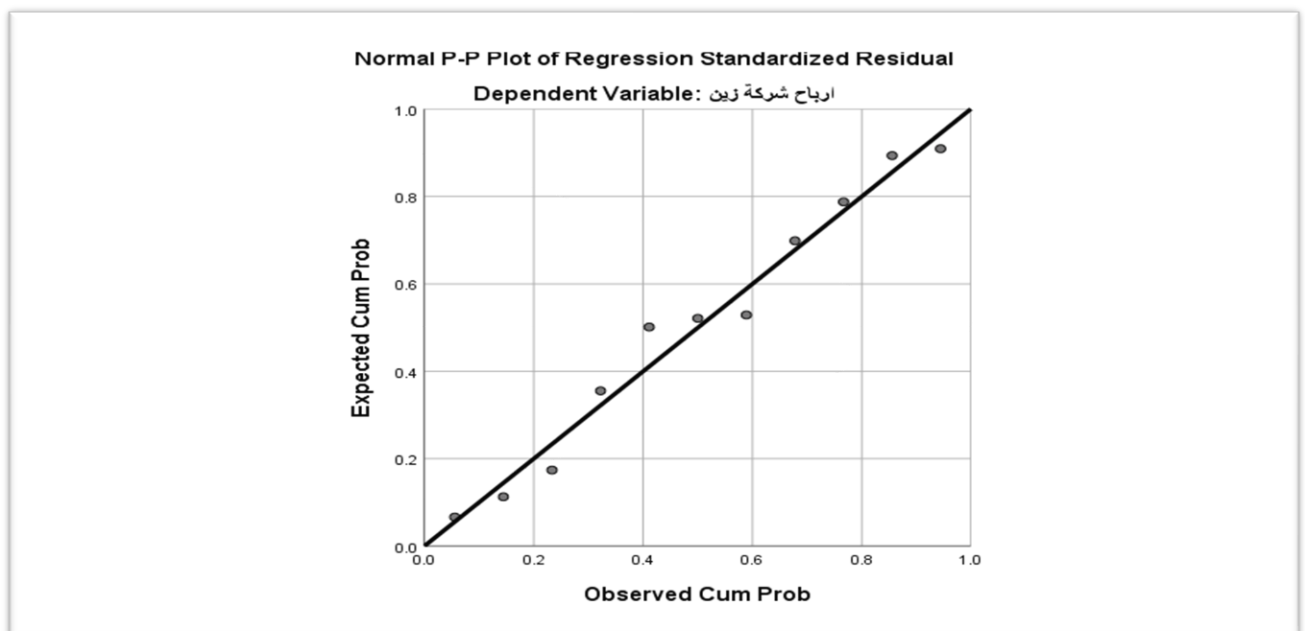
The equation shows that any increase in Zain's expenses will be an

increase in profits.



The figure (1) above shows that the data are distributed normally or close to the normal distribution

The figure above shows that the data are distributed normally or close to the normal distribution.



The figure (2) above shows that the data are distributed normally or close to the normal distribution

The above figure illustrates the linear relationship that has been tested where the data is clustered around the linear regression line.

Asiacell Company:

The above table(5) shows the value of the linear correlation (R) between the dependent variable on the one hand and the independent variable

Model Summary ^b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.154 ^a	.024	-.085	1051233715.380	.024	.220	1	9	.650

a. Predictors: (Constant), Asiacell profits
 b. Dependent Variable: Social Responsibility Expenses Asiacell Company

The above table shows the value of the linear correlation (R) between the dependent variable on the one hand and the independent variable on the other hand, as it indicates that the correlation is weak, which indicates a predictive equation that is not good, where we reach its value (15%), while the value of (R Square), which represents the square of the correlation coefficient, which is here within (24%), which is the

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2427345142740 43904.000	1	2427345142740 43904.000	.220	.650 ^b
	Residual	994583091916 4684000.000	9	1105092324351 631620.000		
	Total	1018856543343 8728000.000	10			

a. Dependent Variable: Social Responsibility Expenses Asiacell Company
 b. Predictors: (Constant), Asiacell profits

possibility of interpreting the independent variable 24% of the variance of the dependent variable.

The table(6) above shows the value of the linear correlation (R) between the dependent variable on the one hand and the independent variable

From the above table, the value of sig is equal to (0.650), which is greater than the significant value, which is equal to (0.05), and therefore we accept the alternative hypothesis, that is, the value is not statistically significant and that the model is not predictable with the values of the dependent variable (profits)

The table(7) above shows the most important results of regression

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1253280199.704	497280100.341		2.520	.033
	Asiacell Profits	.001	.002	.154	.469	.650

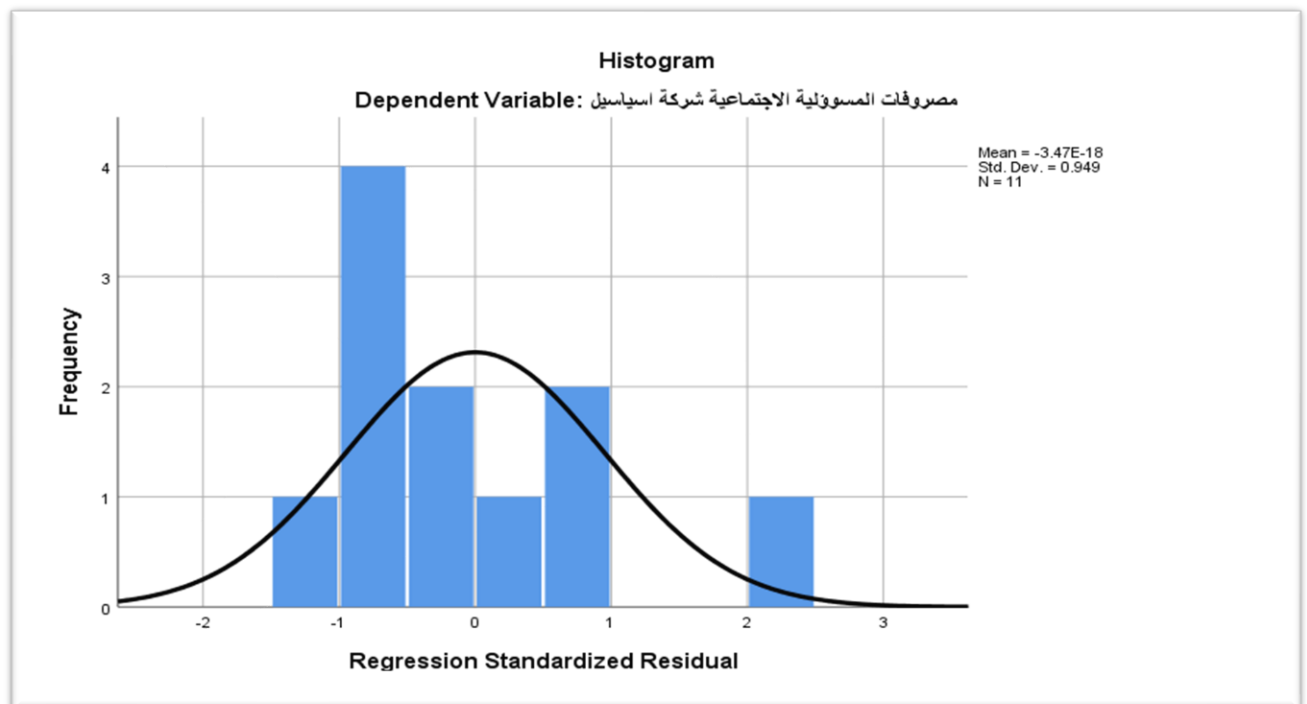
a. Dependent Variable: Social Responsibility Expenses Asiacell Company

The table above shows the most important results of regression, which are represented by the following equation:

$$Y = \beta_0 + \beta_1 x_1$$

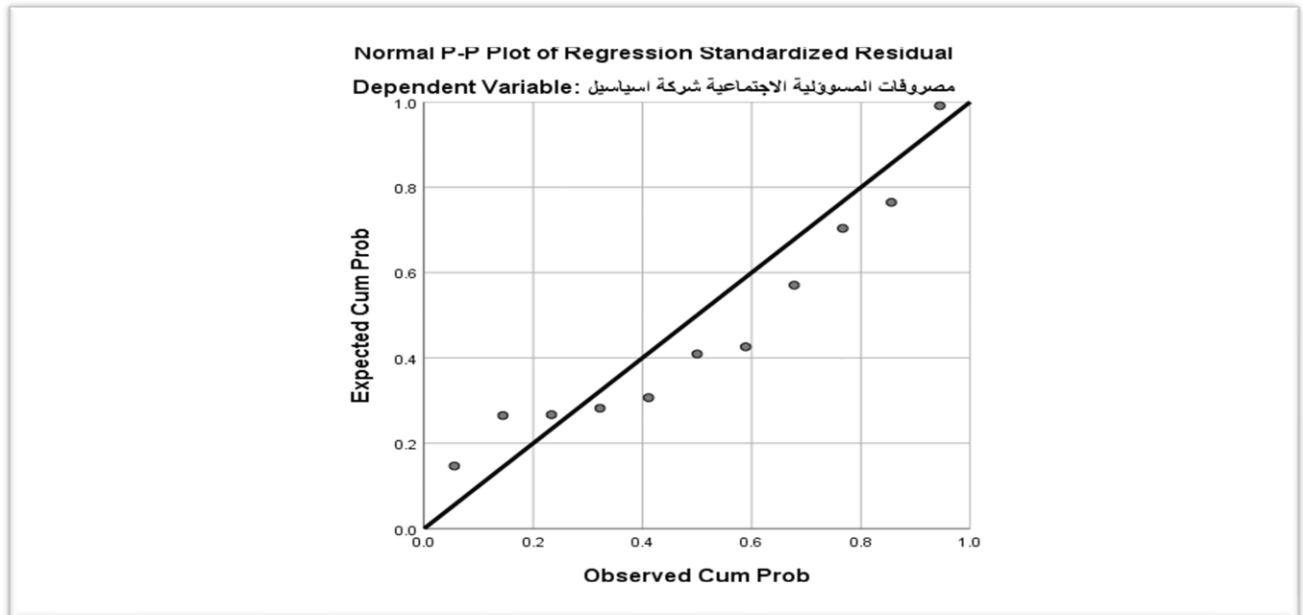
$$Y = 1253280199.704 + 0.001 x_1$$

The equation shows that any increase in Zain's expenses will be an increase in profits.



The figure (3) above shows that the data is distributed normally or close to the normal distribution

The figure above shows that the data is distributed normally or close to the normal distribution



The above figure(4) illustrates the linear relationship that has been tested where the data is clustered around the linear regression line.

The above figure illustrates the linear relationship that has been tested where the data is clustered around the linear regression line.

From the above statistical analysis, it is clear that Zain's social expenses affected the increase in profits for the company, unlike the expenses of Assil, which turned out not to affect the increase in the company's profits throughout the years under study, which requires Assil to use another type of expenses that contribute to increasing profits.

7. Conclusions and Recommendations

Results

1. Zain CSR's expenses have a significant impact on increasing the company's profits.
2. The expenses of Asa Cell Company, which turned out not to affect the increase in the company's profits throughout the years of research
3. There is no agreed definition of CSR. However, it can be said that corporate social responsibility is what companies do and offer to society according to its expectations from these companies, provided that this social responsibility includes taking into account human rights, community values and ethics.
4. Companies in the research sample compete for spending in the field of attention to social responsibility.
5. Social responsibility brings many benefits to the local community and companies together, which are to provide healthy goods and products to the

community, maintain a clean environment free of pollution, increase employee loyalty and credibility of the company.

Recommendations

1. Zain Iraq must continue to spend on social responsibility because it has a significant impact on increasing the company's profits.
2. Asascell is required to use another type of expense that contributes to increasing profits or increasing the allocation for social responsibility spending.
3. The concerned authorities provide the necessary infrastructure for the performance of companies for social responsibility, in particular systems, and provide studies and information in light of the actual needs of society.
4. The State shall facilitate the procedures related to the performance of companies for social responsibility, and provide systemic incentives for companies in light of their excellence in social responsibility .
5. Enacting legislation that ensures the provision of transparency and disclosure by the implementing companies in the field of social responsibility.

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