

The Mediating Role of Corporate Image on the relationship between Corporate Social Responsibility and Customer Retention

Suliman Ibraheem Shelash Al-Hawary

Professor of Business Management, Department of Business Administration, Faculty of Finance and Business Administration, Al al-Bayt University, P.O.BOX 130040, Mafrq 25113, Jordan
E-mail: dr_sliman73@aabu.edu.jo, dr_sliman@yahoo.com

Ali Mohammad Salamah Al-Khazaleh

Researcher , Department of Business Administration, Faculty of Finance and Business Administration, Al al-Bayt University, P.O.BOX 130040, Mafrq 25113, Jordan

Article Info

Volume 83

Page Number: 4298 - 4315

Publication Issue:

July-August 2020

Abstract

The aim of the study is to examine the impact of corporate social responsibility on customer retention through the mental image in the extractive industries in Jordan. The study population consists of the customers of all extractive industries in Jordan. A non random sample was selected from the study population, which included 174 customers from these companies. To achieve the study objectives, and test hypotheses statistical analysis programs (SPSS 24) and (IMB AMOS 22) were used. The study concluded that there is a statistically significant impact of the customer's perception of corporate social responsibility on customer retention in the presence of corporate image in the extractive industries in Jordan. Based on the study results, the researcher recommended the managers and decision makers in the extractive companies in Jordan to work on expanding charitable works and access to other sectors such as contributing to provide healthy charitable work such as establishing of medical clinics in areas lacking such services.

Keywords: *Corporate social responsibility, Customer retention, Corporate Image, extractive industries, Jordan;*

Article History

Article Received: 25 April 2020

Revised: 29 May 2020

Accepted: 20 June 2020

Publication: 10 August 2020

1. Introduction

There has become a general agreement and tendency by many business organizations with their various activities to adopt the concept of the corporate social responsibility in order to improve the image of the organization, and increase its effectiveness. Companies no longer rely on building their reputation on their financial position, their marketing capabilities, or their profitability, but also through their effective contribution to improving society and in harmony with the legal and legislative

requirements set by the government, and its capabilities to provide products that give the customer solutions that are commensurate with his purchasing capabilities. Therefore, modern concepts have emerged that help to create an organized environment capable of adapting and harmonizing with the rapid developments in the environment and the tremendous technological developments in various economic, developmental and managerial aspects, and among the most prominent of these concepts is the concept

of corporate social responsibility (Al-Hawary & Al-Hamwan, 2017).

The corporate social responsibility is considered one of the main elements in forming a positive image, enhancing the public reputation of the organization, and achieving participation in realistic and effective strategies for providing social services. This facilitates the management mechanisms of the organization and increases its ability to retain its customers, attract new customers and increase its market share. On the other hand, investing in social activity can enhance the value of the organization in the competitive market and improve its ability to retain its customers, in addition to the other advantages of building the ability to achieve better results in matters of enhancing work motivation, loyalty to the organization, employee retention, creativity and increase productivity. Also, participating in social work with stakeholders through open dialogue mechanisms, effective partnerships, and showing transparency would improve the organization's relations with societies and thus stimulate business development. Through this, organizations can build potential and reconcilable images between the social and psychological needs of customers and their desire to achieve customer satisfaction and loyalty. (Al-Hawary & Al-Smeran, 2017; Al-Hawary et al., 2017; Kotler et al., 2014; Al-Hawary, 2013). The corporate image affects the formation of the behaviors of people and organizations, whereby a person in any society in which he is present deals with social reality, and recognizes it through images and vocabulary, and various sources such as family, friends, the environment and various means of communication work to establish the images, and meanings in the mind of the individual or group about people or organizations for a period of time that may be long or short, negative or positive. Finally, the organization's sense of responsibility towards society and its concerns improves its image in front of society and increases its loyalty, which may contribute to achieving the strategic goals of the organization.

Organizations compete for limited environmental resources in order to achieve their organizational goals. Therefore, the study problem stems from ignoring many business organizations their direct role in sustainable development while focusing on the goals of the owners. It ignores very important parties such as society and the customer who plays an important role in achieving long-term goals, in addition to the general negative impression of society in general and the customer in particular on the practices of extractive organizations in wasting environmental resources and wrong methods in disposing of industry waste. The extractive industries sector in Jordan is of great importance in the national economy as it has a vital and important role in the development of society. This study contributes to providing practical recommendations for decision-makers that improve the organization's financial, societal and environmental performance in a way that increases the organization's ability to retain its customers. By reviewing the literature related to the study variables, the researchers found a research gap resulting from the lack of studies that examined these variables together. Although there are some studies that dealt with these concepts; the researchers did not find - within the limits of his knowledge - any studies that collectively examined these variables, especially in the Arab-Jordanian environment. This study aims to examine the impact of corporate social responsibility on customer retention through the mental image in the extractive industries in Jordan.

2. Theoretical framework

2.1 Concept of social responsibility

The purpose of organizations' commitment in social responsibility practices is what they expect from consumers in terms of rewards that may contribute to improving performance (Agus & Salas, 2017). Interestingly, there are some claims that corporate social responsibility has a noticeable effect on buyer behavior, which ultimately leads to customer loyalty. Liu et al. (2014) indicated that brand customer loyalty can be enhanced through various social responsibility practices, and customers' attitude towards brand

loyalty can be controlled by participating in social responsibility initiatives, and the positive contribution of corporate social responsibility is an important tool for acquiring competitive advantage by retaining and satisfying customers (Mandhachitara & Poolthong, 2011; Mattera & Baena, 2015; Quazi & Richardson, 2012).

The concept of social responsibility is one of the terms that are used when talking about economic institutions that have a role in development, investment and growth. Social responsibility is an important concept for the individual and society. It is considered a necessity because the individual is responsible for himself, the group and the society in which he lives. The concept of social responsibility is based on sustaining participation in economic activities that go beyond the stipulated legal requirements that protect the well-being of employees and society as a whole. Social responsibility also contributes to creating tangible benefits for the organization, enabling it to finance projects or initiatives and reduce the objections of shareholders related to the use of their wealth. It also includes elements of environmental sustainability, including the use of scientific ideas that reduce environmental damage that may be caused by the organization's operations, and global issues such as diminishing Resources, non-renewable energy, manufacturing process waste and consumption. Social responsibility also includes human sustainability that works to create a healthy and fair work environment for employees, as well as works to develop their capabilities and skills and add various benefits to stakeholders from customers, various suppliers and community members (heslin & Ochoa, 2008).

The organizations realized that what they do in the community greatly affects their image and reputation not only in the market, but also in society. Social responsibility has multiple and different definitions and this confirms that social responsibility is a complex concept that is not clear and simple and is not subject to a single measurement according to international, global or regional standards. Drucker (1977) defines social responsibility as "the obligation

of a business organization to the society in which it operates". Social responsibility is an obligation of the organization towards the society in which it operates by helping the surrounding community in social activities such as reducing poverty, improving service, combating pollution, reducing unemployment, providing housing, transportation and other services that increase the welfare of society.

The corporate social responsibility can also be defined as the commitment of the organization to improve the standard of living in society through its business practices and the exploitation of resources (Peltola, 2014). Corporate social responsibility has a set of open and transparent business practices. The method is based on ethical values and respect for employees, society and the environment, in addition to being the result of stable values for society in general and for stakeholders in particular (Esmaeilpour & Barjoei, 2016; Meshkani & Rahmati, 2013). Esmaeilpour & Barjoei 2016 says that corporate social responsibility is a result of the values of society in general and shareholders more specifically. Corporate social responsibility can also be conceptualized as the companies' internal conviction that they are committed, and thus companies must make basic and strategic adjustments that enable them to achieve greater progress, assuming that corporate social responsibility is necessary for long-term goals and plans for the purpose of survival (Morrison & Bridwell, 2011). Carroll (1991) pointed out that the content of corporate social responsibility consists, in essence, of six main dimensions:

Economic responsibility: Bello et al. (2016) defined economic responsibility as the company's responsibility in making decisions that lead to enhancing the wealth of the owners in the company, creating employment opportunities for members of society at fair wages, and at the same time producing high-quality products commensurate with the needs and desires of customers, and selling these products at reasonable prices. Sun and Price (2016) showed that economic responsibility behavior can be used to achieve sustainable competitive advantage.

Moreover, Schwartz and Carroll (2018) identified two types of economic activities that were represented by direct economic activities, which are measures aimed at increasing sales and avoiding lawsuits, and indirect economic activities aimed at improving the work ethic of employees in addition to improving the company's public image.

Legal responsibility: Schwartz and Carroll, (2018) clarified that corporate social responsibility is about companies' response to societal legal expectations that appear in case law. In this context, legitimacy can be understood and defined through three main categories: first, compliance with laws, secondly, avoiding civil litigation, and thirdly, anticipating laws. The legal category consists of forecasting legislative changes. Since the legal process is often slow in nature, companies may wish to engage in some activities that are in line with the current legislation. But if laws are expected to change, companies will resort to engaging in volunteer activities to help prevent an attempt to slow the pace of new legislation that is enacted. It therefore acts on the basis of a consideration of the legal system (Schwartz and Carroll, 2018).

Ethical responsibility: Santhosh and Baral (2015) say that the idea of employee-oriented ethical practices is as follows: Employees are valued as internal stakeholders and are the assets of the organization. In addition to good policies and practices, employee participation in decision-making, fair compensation for employees, appropriate working conditions, eliminating child labor, and avoiding prejudice based on gender.

Charitable responsibility: Corporate philanthropy is no longer limited to simply donating money to a specific cause, which is expected to serve long-term commercial interests (Rampal and Bawa, 2008). Rather, philanthropy is ranked at the top of the corporate social responsibility pyramid, as Madden et al. (2006) the charitable dimension is that: voluntary work by granting money, time, or goods in kind without any direct commercial benefit to the company, and that its primary goal is to achieve the welfare of society. Pelozo and Shang (2011)

mentioned various types of charitable activities such as cause-related marketing (where a charitable donation is attached to a commercial exchange), monetary donations (different from cause-related marketing in that it is not related to the sale), support to charities without explicitly stating how this is provided support, community cause promotion, product donation, event sponsorship, customer donations, and employee volunteering.

Environmental contribution: The environmental practices or green practices that do not lead to the depletion of natural resources through the environmental responsibility of the organization are part of the moral responsibility (Gleim, 2011). Environmental sustainability includes recycling, waste and water management, renewable energy, reusable materials, green supply chains, among others (Parsa et al. 2015).

Consumer protection: Customers are referred to as the main (external) group of stakeholders whose ongoing protection is essential for the business to continue. Consumers interact clearly with the companies and this leads to the possibility of conflict between the two parties, especially on issues related to the companies' lack of respect for consumers' rights. Consequently, issues related to corporate social responsibility and consumer protection have remained contemporary topics in the marketing literature (Bello et al., 2016).

2.2 Corporate Image

The growing interest in building the corporate image is one of the most important reasons for contributing to building a positive image of themselves and the organizations they work in. From a marketing perspective (Al-Hawary et al., 2013). Harold (1970) defines the corporate image as the sum total of customers' subjective impressions. Kotler et al. (2014) defined corporate image as the set of perceptions a person forms about something. Some define it as the result of several experiences deposited in the consciousness of the masses towards any entity that has contact with these masses, whether it is an individual or an organization, and during a long

period of time, and it is an expression of reality, whether it is true or incorrect, and it appears whenever an exciting matter invokes these experiences.

Kim and Lee (2010) revealed that the corporate image is the observation of the organizations that customers keep in their minds, because it enables customers to perceive and evaluate the operations of the entire organization, and despite the multiplicity and difference in the concepts of the corporate image, the corporate image can be defined as the multiple subjective impressions of individuals about the organization. They are intangible corporate images that differ from one person's mind to another, as well as the feelings that the organization causes to the public through its products, its way of dealing with society, its relationship with it, its investment in social activities, its external and internal form, and these individual impressions unite to form the image the holistic image of the corporation (Eysenck, 2012).

The image of the company influences the customer's evaluation of service quality, his satisfaction, and loyalty (Kim & Lee, 2010), and the correct image of the organization influences the attitude of customers towards the business, so their brand loyalty becomes constant (Osman 2015). Greve (2014) emphasizes that a positive and strong corporate image leads to a higher level of customer loyalty.

The corporate image has three dimensions: the cognitive component: it is the information on which the individual understands a particular topic, issue, or person, and this information is considered the basis on which the individual builds a corporate image about various topics and issues. Affective component, it is that the individual tends either positively or negatively towards a topic, issue, or person depending on a set of corporate images that he created, and it is worth noting that the cognitive side is formed with the affective aspect, and with days the information collected by the individual disappears and the cognitive side remains which represents the attitudes of individuals towards different topics. The behavioral component: is the individual's behavior is reflected from the corporate image that was formed to

him, and the importance of the corporate image is that it reflects the attitudes of individuals and their behaviors in life.

2.3 Customer retention

Since loyal customers are the most important assets of the company, companies have taken an interest in developing customer retention and loyalty programs (Al-Hawary & Harahsheh, 2014; Al-Hawary & Hussien, 2017). The primary purpose of customer retention efforts is to ensure that those relationships are maintained with customers who add value by minimizing their switching to competitors. Customer retention has a direct effect on profitability. Much of the previous research has shown that it costs five times as much to acquire a new customer as to keep one of them (McIlroy and Barnett, 2000). The longer the customer relationship with the company, the higher the profits.

Customer retention is the second step in the customer life cycle (Valtola, 2019) and it is essential to managing the customer base. Four dimensions of customer retention are found in the theoretical literature, which are word of mouth, insensitivity to price, frequency of purchase, and no-complain behaviour affect the company's performance (Gengswari et.al 2013). Ibojo (2015) agrees with the view that in order to continually retain customers, company needs to continuously meet customers' needs. And that a satisfied and retained customer would repeat the purchase while an unhappy customer might decide to switch to competitive brands.

Customer retention is known through various studies by various methods such as Gerpott et al., (2001), they stated that customer retention "is the continuity of the business relationship between the customer and the company." The company must know how to serve its customers because after sales services are the important source of customer retention (Saeed, et al 2005). Customer retention is the primary goal of the companies that practice marketing through relationships. While the exact meaning and measure

of customer retention can vary between industries and companies, there is a general consensus that focusing on customer retention can lead to many economic benefits (Ang, & Buttle, 2004).

Clark (1997) says: “Customer retention is potentially one of the most powerful weapons companies can use in their battle to gain a strategic advantage and remain in the competitive environment. This makes it important to understand the factors that affect customer retention and the role they can play in Formulating strategies and plans “. The word of mouth includes comments about product performance, service quality, and company reliability from one customer to another. It has become certain that exceeding customer expectations increases customer participation in spreading news about the company (BİLGİN et al.,2010), and it is also worth noting that awareness of the quality of the company's service is greater among retained customers, mainly due to their knowledge and experience with the company and its offers (Sharmeela-Banu et al. 2012). The pricing methods used in acquiring customers also influence customer retention (Polo et al. 2011) Firms also focus on personal communication between sales

representatives and customers. Communication plays a very important role in successful sales relationships.

3. Research hypotheses

Based on the above literature, the study hypotheses may be formulated as:

H1: There is a statistically significant impact of corporate social responsibility on customer retention

H2: There is a statistically significant impact of corporate social responsibility on corporate image

H3: There is a statistically significant impact of corporate image on customer retention

H4: There is a statistically significant impact of corporate social responsibility on customer retention through corporate image

4. Research model

Based on study hypothesis, the following theoretical framework, shown in Figure 1. As can be seen from the framework, the study investigates the The Impact Of Corporate Social Responsibility on Customer Retention through the Corporate Image, where Corporate Social Responsibility is the independent variable, Corporate Image is the mediate variable and Customer Retention is the dependent variable.

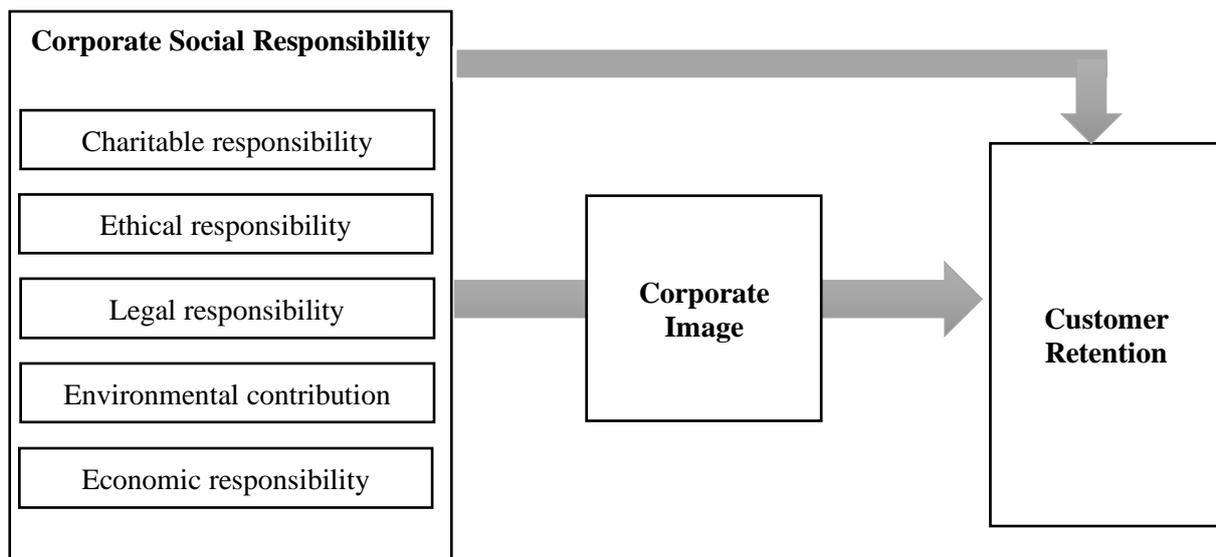


Figure 1. Research model

5. Research Methodology

The research was applied through the procedures of the descriptive-analytical approach, which is the most appropriate approach to conduct the current research. This approach enables the description of the research phenomenon represented by the variables of corporate social responsibility, corporate image, and customer retention in the research population. Further, it provides the ability to analyse the relationship between variables and discovers the impact occurs on the dependent variable that causes by the independent and mediate variables.

5.1 Population and Sample

The study population consists of all the customers of extractive industries in Jordan. A purposive sample was chosen from the research population, where this sample was contained (210) customers that the questionnaires were distributed to them. The recovered questionnaires were (197), while the questionnaires appropriated for data analysis were (182), which materialized a respondent rate (86.67%) of distributed questionnaires. The frequencies and percentages were used to identify the research sample characteristics based on demographic and functional variables. The results indicated that most customers were male which compose (89.60%) of sample size, while only (10.40%) were female. Moreover, the results referred that the customers who belonged to the age group "From 30 to 40 years" was possessed the highest percentage of (54.10%), followed by the customers who belonged to the age group "From 40 to 50 years" which got a percentage of (32.80%), while the customers who belonged to the age group "Less than 30 years" got the lowest percentage of (5.60%) of sample size. regarding the educational level, the results showed that most sample members hold a bachelor's degree, who constituted (62.70%) of the research sample, while the last rank was for the members hold a postgraduation degree who compose about (12.50) of this sample.

5.2 Research Instrument

The questionnaire was the main instrument used to collect data related to the current research, where it consisted of four sections. The first section relates to demographic and functional variables, which are gender, age group, and educational level. While the remaining sections are devoted to the main research variables as follows:

Corporate Social Responsibility: This section consists of 32 items that have been developed based on ((Rexhepi et al. ,2013; Wolzak et al. 2010). This variable was composed six main dimensions: charitable responsibility (CHR1-CHR6), ethical responsibility (ETR1-ETR4), legal responsibility (LER1-LER4), economic responsibility (ECR1-ECR4), environmental responsibility (ENR1-ENR5), and consumer protection (COP1-COP9). The five-point Likert scale was relied on to determine the answers related to these items.

Corporate Image: This section contains the items designated for measuring the mediating variable which was developed based on (Kim, 2006; Minkiewicz et al., 2011; Sarstedt et al., 2012), which was a first-order reflective construct measured by 13 items (COI1-COI13). The five-point Likert scale was applied to determine the answers that measuring this variable.

Customer Retention: This section contains the items specified for measuring the dependent variable which was developed according to (Tong et al. 2012; Lee & Shin, 2010; Jose et al. 2015). Customer retention was considered a first-order reflective construct that measured using 6 items (CUR1-CUR6). The five-point Likert scale was used to determine the answers that measuring this variable.

5.3 Validity and Reliability

A set of statistical methods were used to identify the validity and reliability of the research instrument, through exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). The convergent

validity was identified through the values of average variance extracted (AVE), and the discriminant validity was also measured by comparing the values of average variance extracted (AVE) with both the maximum shared variance (MSV) and the square root of average variance extracted (\sqrt{AVE}). Moreover, the

Cronbach Alpha coefficient (Alpha) was used to identify the internal consistency of the research instrument, along with the McDonald's Omega coefficient (C.R) to identify the composite reliability values. Results of the research instrument validity and reliability tests are shown in Table 1.

Table 1. The results of the research instrument validity and reliability

Variables	1	2	3	4	5	6	7	8
1- CHR	0.766							
2- ETR	0.658	0.774						
3- LER	0.597	0.687	0.762					
4- ECR	0.712	0.637	0.554	0.778				
5- ENR	0.528	0.706	0.628	0.713	0.751			
6- COP	0.687	0.597	0.607	0.705	0.670	0.760		
7- COI	0.509	0.626	0.668	0.615	0.713	0.690	0.744	
8- CUR	0.702	0.579	0.608	0.669	0.715	0.701	0.688	0.765
Loadings	0.70-0.82	0.69-0.84	0.71-0.83	0.74-0.81	0.69-0.84	0.69-0.85	0.68-0.83	0.70-0.83
AVE	0.587	0.599	0.580	0.605	0.564	0.578	0.554	0.585
MSV	0.426	0.397	0.411	0.495	0.433	0.460	0.382	0.318
Alpha	0.872	0.845	0.841	0.857	0.862	0.914	0.937	0.871
C.R	0.895	0.856	0.846	0.860	0.865	0.925	0.941	0.894

Note: CHR: charitable responsibility, ETR: ethical responsibility, LER: legal responsibility, ECR: economic responsibility, ENR: environmental responsibility, COP: consumer protection, COI: corporate image, CUR: customer retention, Bold fonts in the table indicate to the square root of average variance extracted.

The results listed in Table 1 show that all the loadings values of the items ranged between (0.68-0.85), where all these values are greater than the minimum threshold for keeping the items 0.50 (Al-Hawary et al., 2018; Mindrila, 2017). Moreover, all the values of the average variance extracted (AVE) used to measure the convergent validity were higher than the acceptable minimum value of 0.50, and all these values were greater than the maximum shared variance (MSV) for the same variable, thus the discriminant validity condition was fulfilled (Demidenko et al., 2019). This result is confirmed by the values of the square root of the average variance extracted (\sqrt{AVE}), which were higher than the values

of the correlation between the rest of the variables (Haig, 2018).

Besides, the results indicated that the values of the Cronbach alpha coefficients (Alpha) ranged within the domain (0.841-0.937) which is greater than the minimum value for internal consistency of 0.70, as well as the values of McDonald's Omega coefficients (C.R) for all variables were greater than 0.70, which is the minimum value of the judgment about composite reliability of the search instrument (Al-Hawary & Al-Namlan, 2018; Kephart et al., 2019).

The confirmatory factor analysis was also used to ensure the goodness of model and construct validity through a set of indicators that appear in the figure 2

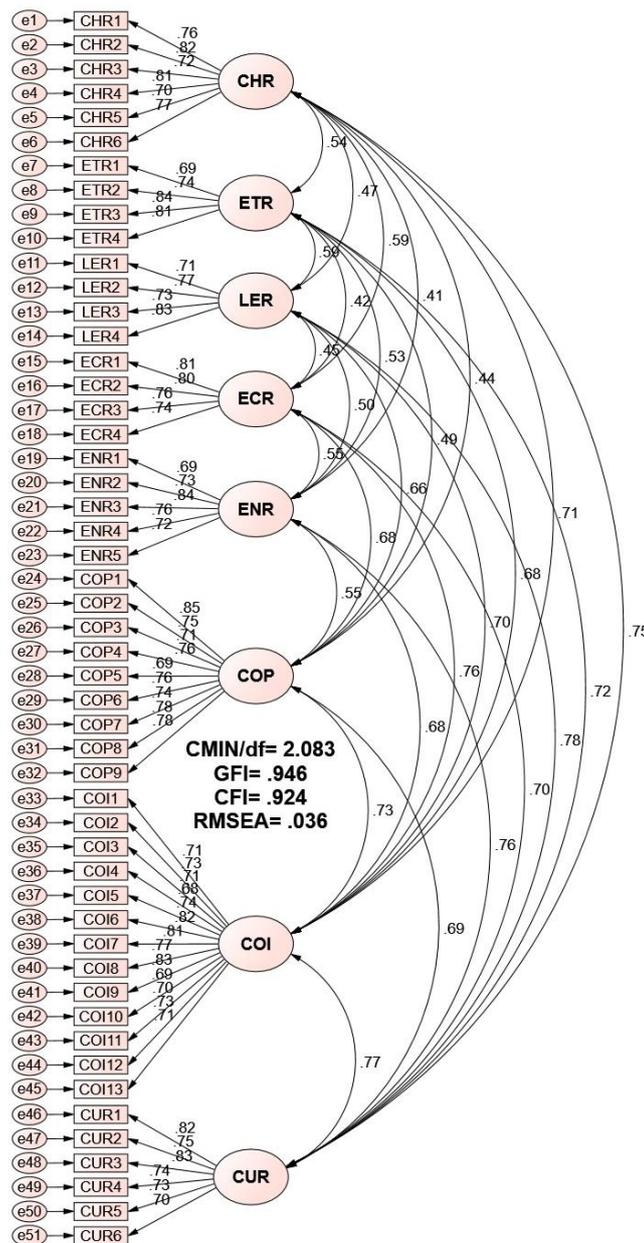


Figure 2. Measurement model assessment

The results in Figure 2 show that the ratio of chi-square to degrees of freedom (CMIN/df) was 2.083, which is less than the acceptable high value of 3. Further, a goodness of fit index (GFI) and comparative fit index (CFI) were greater than 0.90 that is the lowest acceptable value for these indicators. Moreover, the value of root meansquare error of approximation (RMSEA) was 0.036 which is less than 0.05 that represents the upper threshold for this indicator. Hence, the search model can be considered appropriate (Brown, 2015).

6. Data Analysis

Pearson correlation matrix was used in this research to identify the level of correlation and the values of the coefficients between corporate social responsibility, corporate image, and customer retention, as well as ensuring that the data are free from the problem of multicollinearity between the dimensions of the independent variable. moreover, means and standard deviations were used to identify the levels of adoption of these variables in the research population. Table 2 shows the results obtained through these tests.

Table 2. The results of descriptive analysis and correlation

Variables	1	2	3	4	5	6	7	8
1- CHR	1							
2- ETR	0.54*	1						
3- LER	0.47**	0.59**	1					
4- ECR	0.59**	0.42*	0.52*	1				
5- ENR	0.41*	0.53*	0.51**	0.45*	1			
6- COP	0.44*	0.49**	0.56*	0.50**	0.55*	1		
7- COI	0.71**	0.68**	0.76**	0.66**	0.68**	0.73**	1	
8- CUR	0.75**	0.72**	0.78**	0.70**	0.76**	0.69**	0.77**	1
Mean	3.71	3.82	3.66	3.60	3.77	3.69	3.52	3.59
SD	0.748	0.859	0.917	0.825	0.744	0.697	0.788	0.838

Note: CHR: charitable responsibility, ETR: ethical responsibility, LER: legal responsibility, ECR: economic responsibility, ENR: environmental responsibility, COP: consumer protection, COI: corporate image, CUR: customer retention, SD: standard deviation, * correlation at significant level (<0.05), ** correlation at significant level (<0.01).

The results in Table 2 illustrated that the level of correlation between the dimensions of the corporate social responsibility and both of corporate image and customer retention was high, where the values of the correlation coefficients came within the range (0.66-0.78). Whereas the level of correlation between the dimensions of the corporate social responsibility was moderate due to the values of the correlation coefficients were between (0.41-0.59). These values confirm that the study data is free of multicollinearity problem between the corporate social responsibility dimensions, where the correlation values were less than 0.80(Hair et al., 2017).

The results in Table 2 also indicated that the level of adoption the corporate social responsibility dimensions was at the moderate and high levels, where the first rank was for the dimension of ethical responsibility (M= 3.82, SD= 0.859), followed by the

dimension of environmental responsibility (M= 3.77, SD= 0.744), while the last rank was for the dimension of economic responsibility (M= 3.60, SD= 0.825). regarding the corporate image, the adoption level of this variable was a moderate (M= 3.52, SD= 0.788), and the level of customer retention was also at a moderate level (M=3.59, 0.838).

Structural equation modeling (SEM) was used as a statistical method to test the research hypotheses. Figure 3 shows the results of testing the impact of the corporate social responsibility dimensions on customer retention. This figure confirmed that the used model was appropriate due to the value of the chi-square to the degrees of freedom (CMIN/df) was 1.982 that is less than 3, and the value of GFI and CFI were higher than 0.90, as well as the value of (RMSEA) was less than 0.05.

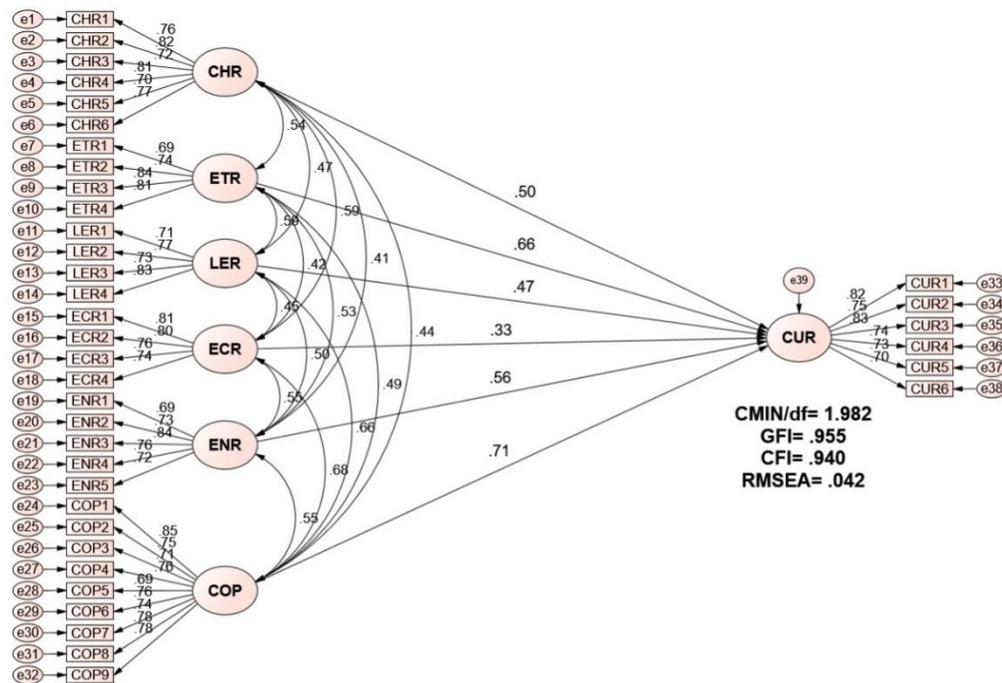


Figure 3. The structural model for testing the impact of corporate social responsibility dimensions on customer retention

Moreover, Table 3 showed that all dimensions of corporate social responsibility had an impact on customer retention, where the probability value of all dimensions was at a level less than 0.05, and the results also showed that the highest impact was for the dimension of consumer protection whose standardized coefficient impact value of (0.715), While the least impact was for the dimension of economic responsibility that had a standardized coefficient impact value of (0.335).

Table 3. impact of corporate social responsibility dimensions on customer retention

Path	Unstandardized coefficient		standardized coefficient	Critical Ration	P-value
	B	S.E.	β		
CHR → CUR	0.875	0.051	0.503	17.157	**
ETR → CUR	0.984	0.039	0.656	25.230	***
LER → CUR	0.822	0.054	0.472	15.223	*
ECR → CUR	0.791	0.052	0.335	15.211	*
ENR → CUR	0.915	0.048	0.562	19.063	**
COP → CUR	1.344	0.045	0.715	29.867	***

Note: CHR: charitable responsibility, ETR: ethical responsibility, LER: legal responsibility, ECR: economic responsibility, ENR: environmental responsibility, COP: consumer protection, CUR: customer retention, * significant impact at the level (<0.05), ** significant impact at the level (<0.01), ***significant impact at the level (<0.001).

To test the mediating impact of the corporate image between the corporate social responsibility and customer retention, the structural model that is shown in Figure 4 was formulated which demonstrated a good level of appropriate, where the value of chi-square to degrees of freedom (CMIN/df) was 2.461

which is less than 3, and the values of GFI and CFI were greater than 0.90, as well as the value of (RMSEA) was 0.024 which is less than 0.05.

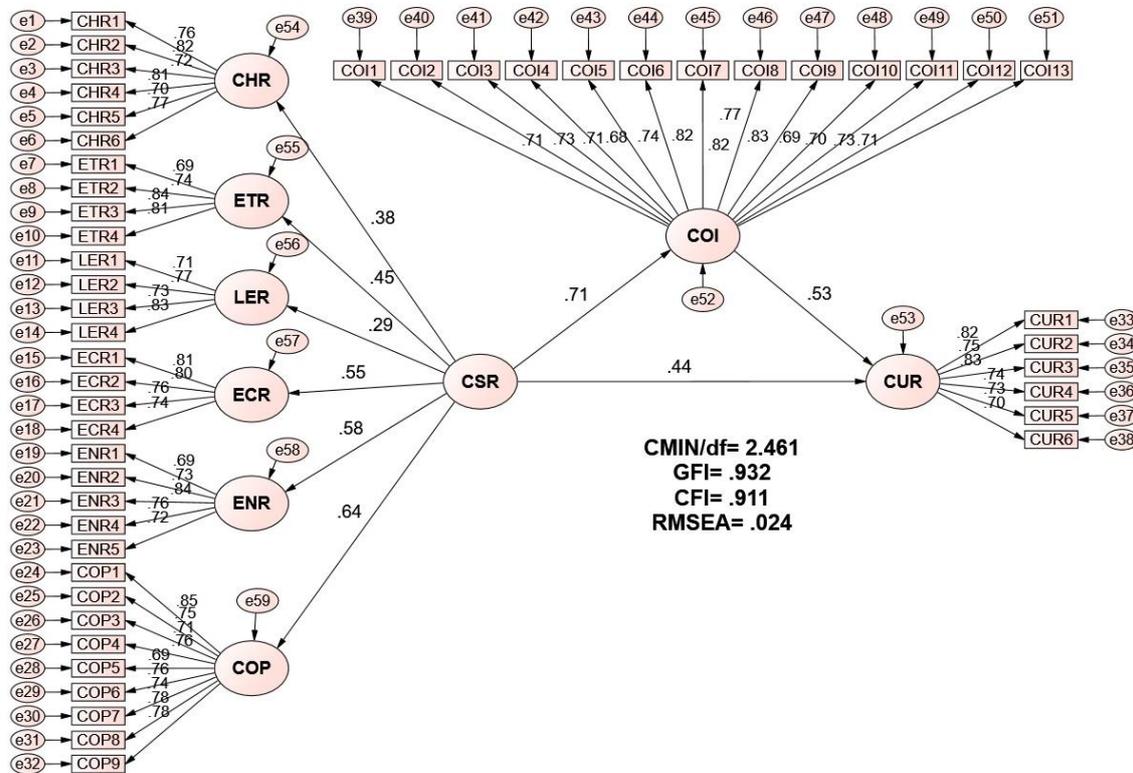


Figure 4. The structural model for testing the mediating impact of corporate image between corporate social responsibility and customer retention

Moreover, Table 4 shows that the direct impact of the corporate social responsibility on the customer retention was (0.706), and the direct impact of the corporate image on the customer retention was (0.534), while the indirect impact of the corporate social responsibility on the customer retention

through the corporate image was (0.377) and the direct impact was (0.438). Thus, corporate image plays a partial mediating role in the relationship between corporate social responsibility and client retention.

Table 4. Impact of the corporate social responsibility on the customer retention through the corporate image

Path	Total Impact	Direct Impact	Indirect Impact	P-value
CSR → COI	0.706	0.706	---	***
CSR → CUR	0.815	0.438	0.377	***
COI → CUR	0.534	0.534	---	***

Note: CSR: corporate social responsibility, COI: corporate image, CUR: customer retention, * significant impact at the level (<0.05), ** significant impact at the level (<0.01), *** significant impact at the level (<0.001).

7. Conclusion and discussion

The extractive companies in Jordan do not focus only on achieving profits, but rather to actively contribute to charitable activities at the community level, including pushing the educational wheel by contributing to the support of educational institutions. This contributes to improving the quality of life for the local community in addition to supporting cultural and artistic activities by contributing to artistic festivals and cultural forums, which helps in solving many social problems, and this confirms the human aspect that extractive companies exhibit as they consider themselves a building block of society. Companies management also works in a manner that is consistent with ethical standards in terms of urging justice in the recruitment process, developing instructions and policies that are consistent with ethical behaviors that are consistent with the culture of the society in which it works, and continuously urging to stimulate good citizenship behavior and work spirit, and to achieve organizational goals without compromising ethical standards.

The management of companies is committed to all legal aspects in terms of the nature of their products, the suitability of the products to the expectations of the customer, the objectivity of prices, in addition to compliance with the laws set by the government in terms of the rights of workers in terms of salaries, benefits and rights, and companies are managed in a manner that is in line with the government's expectations and abides by all licensing requirements. Companies preserve the environment in which they operate, and this is evident by looking for other means of energy, being keen to recycle their consumed products and adhering to the standards of disposal of industry waste in a manner consistent with the instructions laid down in this regard, in order to prevent environmental pollution and the safety of citizens in neighboring areas. There is a congruence between the interests of the customer and the management of the company, as the company works to serve the consumer by providing the service without delay and according to demand, announcing

its products with high credibility without exaggeration, and working to provide its products at prices that correspond to the purchasing power of the consumer, without compromising the quality of the product and the continuous work to communicate with the customer, taking his suggestions in order to reach a level of quality that suits the customer's requirements, and working seriously to hear consumer complaints and deal with them seriously.

Extractive companies in Jordan offer products with technical and functional characteristics that give a great image and a good impression of them, and this gives high confidence in its products, as the company has all the factors that contribute to achieving a positive image of the company, and its activities and this is shown through the credibility of dealing with the customer, and the quality of its products and their suitability to the needs and expectations of the customer, and the accuracy in providing the service and the commitment of the employees in serving the customer, and the quick response to his requirements and what the company highlights in its slogan, vision and message in its promotional campaigns that reflect its reality without exaggeration, and the positive image of the company appears in the mind of the customer through the customer's desire to buy back the company's products. According to the opinion of the customers, the extractive companies in Jordan meet the customer's renewed needs and take the customer's comments related to the product's characteristics and prices, which creates the customer's desire to continue dealing with the company, and the recommendation of others from friends and relatives in the buying experience when the need arises, and the company also provides services to the customer represented by continuous communication and involvement in decision-making, which is an indication of the company's commitment to the customer and work on what satisfies him in order to retain him.

The results of the study showed that the corporate social responsibility affects the customer retention, and this is evident by considering that the customer is

an integral part of society, as the companies' pursuit of commitment to what the customer requires of ethical obligations represented in providing prices commensurate with the consumer's purchasing capabilities is an indication of the convergence of interests between the two parties, and the great interest by companies in the customer's requirements of price, technical and functional requirements, and the commitment by the companies to involve the customer with developing the technical and functional specifications of the product, and making the customer an active element in making strategic decisions that bring together two parties (the company and the customer) on one interest. In addition to the companies' commitment to the legal requirements set by the government, it provides the customer with a sense of security in dealing with the company, and that all dealings with the company are done with the aim of safety and reliability. The charitable commitment by the company reflects the human side of the extractive companies, and thus the charitable contributions that the company provides, represented by aid to associations, contributions to educational institutions, and cultural partnerships that benefit the customer as a member of society. Many diseases are caused by industry waste, and therefore the ability of extractive companies to get rid of industry waste, either through recycling or by disposing of them in a safe manner, suggests to the customer the human aspect of the company and the company's preservation of the environment, which increases the customer's adherence to the company and the continuation and recommendation of others in dealing with the company.

The results of the study showed that social responsibility affects the image of the company in the extractive industries in Jordan. This can be explained by the fact that the positive image of the company is achieved through many factors in which human aspects are available, such as the companies' contribution to charitable work, which reflects a positive image of the company in the mind of the customer and who deals with the company, in

addition to the company's credibility in dealing with the customer in terms of delivery dates and credibility. In the pricing of its products, the validity of the product components, and taking the customer's complaints seriously, the company is depicted for the customer as a charitable company. In addition to the company's commitment to the legal requirements of regulations and instructions, whether these instructions are internal related to employment or financial transactions or external related to taxes and customs fees, the full commitment by the company gives a positive image to the company in the mind of the customer, which is represented by safety, and also what the company makes of charitable contributions represented by donations for charities or contributing to university tuition gives a good impression of the company in the mind of the customer and society.

The results of the study showed that social responsibility affects the customer retention through the image of the company in the extractive industries in Jordan. This can be explained by the fact that the retention of the client is achieved through the positive practices of the company represented by everything that is in the interest of the customer, the worker, society and the government. Positive practices are exemplified by the contributions that the company makes to charitable societies from which the needy members of society benefit and thus the beneficiary is the community. Social responsibility is represented by adherence to the legal legislation that the government puts in the form of taxes, and therefore the beneficiary is the government. Legislation and internal laws represented in achieving organizational justice and job satisfaction and thus the beneficiaries are the workers. Practices represented in protecting the consumer, such as providing fair prices and commensurate with the customer's purchasing capabilities and providing high-quality products, this achieves the interests of the customer, and therefore adherence to these positive practices creates a positive image in the customer's mind about the company and the nature of its business, which is

reflected in the customer's adherence to the company and the desire to continue dealing with it.

8. Managerial implications and direction for future research

Based on the findings of the study, the researchers recommend the management of extractive companies and decision-makers to work on expanding charitable work and reaching other sectors, such as contributing to the provision of health charitable work represented by establishing medical clinics in regions that lack such services, and working continuously to review Internal regulations and instructions in order to ensure the achievement of organizational justice in order to create a healthy work environment that reflects on achieving job security for workers as they are the members of the community. In addition to developing new ways through which industry waste is disposed of in a safe manner through recycling to achieve the company's economic abundance. Promoting the contribution to charitable activities in a way to enhance the promotional benefit of the company's activities, and stimulates these practices among other companies in other economic sectors.

Also, companies have to balance between the interests of the company and the customer through the regular study of the purchasing power of the customer in order to provide products commensurate with their purchasing power while trying to adhere to the technical and functional characteristics of the product that reflect the actual quality. Focusing on the customer as he is the starting point of marketing, and he is the focus of the marketing activities, and continuous pursuit of work to the satisfaction of the customer to retain him. The researchers also recommend conducting future studies dealing with other economic sectors, such as the pharmaceutical and chemical industries, or conducting comparative studies between extractive industries. Or conducting other studies through which corporate social responsibility practices are linked to other variables such as sustainable competitive advantage, or it can be linked to social performance.

References

1. Agus, H.M. & Salas, J. (2017). Strategic and institutional sustainability: Corporate social responsibility, brand value and interbrand listing. *Journal of Product & Brand Management*, 26(6), 545-558.
2. Al-Hawary, S. I. . (2013a). The Role of Perceived Quality and Satisfaction in Explaining Customer Brand Loyalty: Mobile Phone Service in Jordan. *International Journal of Business Innovation and Research*, 7(4), 393-413.
3. Al-Hawary, S. I. ., & Al-Hamwan, A. . (2017). Environmental Analysis and its Impact on the Competitive Capabilities of the Commercial Banks Operating in Jordan. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 7(1), 277-290.
4. Al-Hawary, S. I. ., & Al-Smeran, W. . (2017). Impact of Electronic Service Quality on Customers Satisfaction of Islamic Banks in Jordan. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 7(1), 170-188.
5. Al-Hawary, S. I. ., & Harahsheh, S. . (2014). Factors Affecting Jordanian Consumer Loyalty Toward Cellular phone Brand. *International Journal of Economics and Business Research*, 7(3), 349-375.
6. Al-Hawary, S. I. ., & Hussien, A. J. . (2017). The Impact of Electronic Banking Services on the Customers Loyalty of Commercial Banks in Jordan. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 7(1), 50-63.
7. Al-Hawary, S. I. ., Al-Nady, B. A. ., & Alolayyan, M. . (2013). Effect of Brand Name and Price on Business to Business (B2B) Success: an Empirical Study on Sample of Food Hypermarket Retailers in Amman City. *International Journal of Information and Coding Theory*, 2(2/3), 115-139.

8. Al-Hawary, S. I. ., Batayneh, A. M. ., Mohammad, A. A. ., & Alsarahni, A. H. . (2017). Supply chain flexibility aspects and their impact on customers satisfaction of pharmaceutical industry in Jordan. *International Journal of Business Performance and Supply Chain Modelling*, 9(4), 326–343.
9. Al-Hawary, S. I. S., & Al-Namlan, A. A. (2018). Impact of Electronic Human Resources Management on the Organizational Learning at the Private Hospitals in the State of Qatar. *Global Journal of Management and Business Research: A Administration and Management*, 18(7), 1–11.
10. Al-Hawary, S. I. S., Abdul Aziz Allahow, T. J., & Aldaihani, F. M. F. (2018). Information Technology and Administrative Innovation of the Central Agency for Information Technology in Kuwait. *Global Journal of Management and Business*, 18(11-A), 1–16.
11. Ang, L., & Buttle, F. (2006). Customer retention management process: a quantitative study. *European Journal of Marketing*, 40(1/2), 83-99.
12. Bello, K., Jusoh, A., Nor, K. (2016). Corporate Social Responsibility and Consumer Rights Awareness: A Research Agenda. *Indian Journal of Science and Technology*, 9(46), 3-9.
13. BİLGİN, Z., Kucukosmanoglu, A., & Sensoy, E. (2010). *Customer Satisfaction: A Central Phenomenon in Marketing*. ISTANBUL.
14. Brown, T. A. (2015). *Confirmatory factor analysis for applied research* (Second edition). The Guilford Press.
15. Carroll, A.B. (1991). The pyramid of corporate social responsibility: toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), 39-48.
16. Clark, M. (1997) ‘Modelling the impact of customer-employee relationships on customer retention rates in a major UK retail bank’, *Management Decision*, Vol. 35, No. 3/4, pp. 293–302.
17. Demidenko, M. I., Huntley, E. D., Martz, M. E., & Keating, D. P. (2019). Adolescent Health Risk Behaviors: Convergent, Discriminant and Predictive Validity of Self-Report and Cognitive Measures. *Journal of Youth and Adolescence*, 48(9), 1765–1783.
18. Drucker, Peter F. (1977). *An introductory view of management*, U.S.A: Harper's college press.
19. Esmaeilpour, M., Barjoei, S. (2016). The Impact of Corporate Social Responsibility on Brand Equity. *European Journal of Social Sciences*, 8(3), 56–66.
20. Eysenck, Michael (2012). *Fundamental of cognition*. The second edition.
21. Gengeshwari, K., Padmashantini, P. and Sharmeela-Banu, S. (2013). Impact of customer retention practices on firm performance. *International Journal of Academic Research in Business and Social Sciences*, 3(7), 68-84.
22. Gerpott, T. J., Rams, W., & Schindler, A. (2001). Customer retention, loyalty, and satisfaction in the German mobile cellular telecommunications market. *Telecommunications policy*, 25(4), 249-269.
23. Gleim, M. (2011). From Green to Gold: Three Essays on Corporate Social Responsibility as a Marketing Strategy. Electronic Theses, Treatises and Dissertations
24. Greve, G. (2014). The moderating effect of customer engagement on the brand image-brand loyalty relationship. *Procedia-Social and Behavioural Sciences*, 148, 203-210.
25. Haig, B. D. (2018). Exploratory Factor Analysis, Theory Generation, and Scientific Method. In B. D. Haig, *Method Matters in Psychology* (Vol. 45, pp. 65–88). Springer International Publishing.
26. Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2017). *A primer on partial*

- least squares structural equation modeling (PLS-SEM)* (Second edition). SAGE.
27. Harold, H. Marquis (1970). The changing corporate image, American management association.
28. Heslin, A. Peter. And Ochoa, D. Jenna (2008). Understanding and developing strategic corporate social responsibility. *Organizational Dynamics*, 37(2), 125-144.
29. Ibojo, B. O. (2015). Impact of customer satisfaction on customer retention: A case study of a reputable bank in Oyo, Oyo State, Nigeria. *International Journal of Managerial Studies and Research (IJMSR)*, 3(2), 42-53.
30. Jose, S., Khare, N., Buchanan, F.R. (2015). Serving the Poor: Captive Market CSR and Repurchase Intention. *International Journal of Bank Marketing*, 33(3), 316-329.
31. Kephart, G., Packer, T. L., Audulv, Å., & Warner, G. (2019). The structural and convergent validity of three commonly used measures of self-management in persons with neurological conditions. *Quality of Life Research*, 28(2), 545-556.
<https://doi.org/10.1007/s11136-018-2036-8>
32. Kim, K. (2006). *Managing corporate brand image through sports sponsorship: impacts of sponsorship on building consumer perceptions of corporate ability and social responsibility*. Doctoral thesis, University of Texas, Austin, TX.
33. Kim, Y. & Lee, J. (2010). Relationship between corporate image and customer loyalty in mobile communications service markets. *Africa Journal of Business Management*, 4(18), 4035-4041.
34. Kotler, P., Keller, K. L., Ancarani, F. & Costabile, M. (2014). *Marketing management* 14/e, Pearson.
35. Lee, K.H. and Shin, D. (2010). Consumers' Responses to CSR Activities: The Linkage between Increased Awareness and Purchase Intention. *Public Relations Review*, 36(2), 193-195.
36. Liu, M. T., I. A. Wong, R. Chu, and T.-H. Tseng. 2014. Do perceived CSR initiatives enhance customer preference and loyalty in casinos? *International Journal of Contemporary Hospitality Management* 26 (7): 1024-45.
37. Madden, K., Scaife, W., Crissman, K., (2006). How and why small to medium size enterprises (SMEs) engage with their communities: An Australian study. *J. Nonprofit Volunt. Sect. Mark.*, 11, 49-60.
38. Mandhachitara, R. & Poolthong, Y. (2011). A model of customer loyalty and corporate social responsibility. *Journal of Services Marketing*, 25(2), 122-133.
39. Mattera, M. & Baena, V. (2015). The key to carving out a high corporate reputation based on innovation: Corporate social responsibility. *Social Responsibility Journal*, 11(2), 221-241.
40. McIlroy, A., & Barnett, S. (2000). Building Customer Relationships: Do Discount Cards Work?. *Managing Service Quality*, 10(6), 347-355.
41. Meshkani, F. & Rahmati, F. (2013). A Study of the Impact of Corporate Social Responsibility on Brand Performance (Case Study: KalehDiary Products Industry, Mazandaran Province, Iran). *International Research Journal of Applied and Basic Sciences*, 7(1), 6-14.
42. Mindrila, D. (2017). *Exploratory factor analysis: Applications in school improvement research*. Nova Science Publishers, Inc.
43. Minkiewicz, J., Evans, J., Bridson, K. & Mavondo, F. (2011). Corporate image in the leisure services sector. *Journal of Services Marketing*, 25(3), 190-201.
44. Morrison, E. & Bridwell, L. (2011). Consumer Social Responsibility – The True Corporate Social Responsibility. *Competition Forum*, 9(1), 144-150.

45. Osman, I., Alwi, S.F.S., Mokhtar, I., Ali, H., Setapa, F., Muda, R. & Rahim, A.R.A. (2015). Integrating institutional theory in determining corporate image of islamic banks. *Procedia-Social and Behavioural Sciences*, 211, 560-580
46. Parsa, H., Lord, K., Putrevu, S., Kreeger, J. (2015). Corporate social and environmental responsibility in services: Will consumers pay for it?. *Journal of Retailing and Consumer Services*, 22, 250–260.
47. Pelozo, J. and Shang, J. (2011). How can corporate social responsibility activities create value for stakeholders? A systematic review. *Academy of Marketing Science*, 39, 117–135.
48. Peltola, N. (2014). *Building Customer-Based Brand Equity Through Corporate Social Responsibility: Case Haglöfs*. Master thesis on Marketing, University of Tampere, Finland.
49. Polo, Y., Sese, F. J., & Verhoef, P. C. (2011). The effect of pricing and advertising on customer retention in a liberalizing market. *Journal of Interactive Marketing*, 25(4), 201-214.
50. Quazi, A. & Richardson, A. (2012). Sources of variation in linking corporate social responsibility and financial performance. *Social Responsibility Journal*, 8(2), 242-256.
51. Rampal, M. and Bawa, A. (2008). Corporate philanthropy: a study of consumer perceptions. *The Journal of Business Perspective*, 12(2), 24-33.
52. Rexhepi, G., Kurtishi, S. and Bexheti, G. (2013). Corporate Social Responsibility (CSR) and Innovation The drivers of business growth? 2nd International Conference on Technology and Innovation Management, *Procedia – Social and Behavioral Sciences*, 75, 532-541.
53. Saeed, K. A., Grover, V., & Hwang, Y. (2005). The relationship of e-commerce competence to customer value and firm performance: An empirical investigation. *Journal of Management Information Systems*, 22(1), 223-256.
54. Santhosh, M. and Baral, R. (2015). A Conceptual Framework for Exploring the Impacts of Corporate Social Responsibility on Employee Attitudes and Behavior. *Journal of Human Values*, 21(2), 127–136.
55. Sarstedt, M., Wilczynski, P. & Melewar, T.C. (2013). Measuring reputation in global markets—A comparison of reputation measures’ convergent and criterion validities. *Journal of World Business*, 48(3), 329-339.
56. Schwartz, M. S. and Carroll, A. B. (2018). Corporate Social Responsibility: A Three-Domain Approach. *Business Ethics Quarterly*, 13(4), 503–530.
57. Sharmeela-Banu, S. A., Gengeswari, K., & Padmashantini, P. (2012). Customer retention practices among the major retailers in Malaysia. *International Journal of Academic Research in Business and Social Sciences*, 2(6), 157-166.
58. Sun, W. and Price, J. (2016). The impact of environmental uncertainty on increasing customer satisfaction through corporate social responsibility. *European Journal of Marketing*, 50(8), 1209-1238.
59. Tong, C., Wong, A., Leung, S. (2013). The Mediating Effects of Service Charge Transparency on the Relationship between Corporate Social Responsibility and Customer Behavior in Hong Kong’s Retail Banking Sector. *Business and Economic Research*, 3(1), 56-88.
60. Valtola, V. (2019). *A Study of Customer Retention* (Doctoral dissertation, Theseus).
61. Wolzak, N., Van Sas, E., Beugels, J. (2010). *The CSR-Index - The new Instrument to Measure Corporate Social Responsibility. “Young Economic Students Project”*, Utrecht University School of Economics, NL.