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## **The role of social responsibility in increasing the competitiveness of economic companies - A study on a sample of Algerian economic companies**

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### **Abstract**

This study aims to identify the role of social responsibility in increasing the competitiveness of Algerian economic companies. In order to achieve the objectives of the study and confirm its hypotheses, a questionnaire was distributed to a sample of Algerian economic companies. The study reached a set of results, the most important of which is that economic companies rely on diverse and innovative methods to increase their competitiveness. The companies studied also focus on the social and environmental aspects of applying the concept of social responsibility.

**Keywords:** social responsibility, competitiveness, innovative, social, environmental.

### **Introduction**

In the context of the current developments in the business environment and the negative impact of these developments on society, the environment and the economy as a whole, and in light of the increasing pressure on economic companies to meet their obligations and responsibilities and try to correct the irresponsible practices arising from them, it has become necessary for these companies to take into account the social aspect in carrying out their work. Contemporary economic companies believe in social reform and are fully aware that all their interests should not be focused solely on increasing their profits, but should contribute to achieving the common good. Recently, competition has begun to put pressure on economic companies and, with the emergence of globalization and technological development, it has become urgent for everyone responsible for their company to assume their responsibilities in order to

advance on the path of growth and prosperity, to ensure the survival and continuity of their company, and to enable it to gain an advantage and precedence over its competitors. The only way for these companies to achieve competitive superiority or distinction is to adopt effective social responsibility programs that take into account the circumstances of society and the challenges it faces.

This brings us to pose the following problematic:

How does social responsibility contribute to increasing the competitiveness of economic companies?

The following questions arise from this problematic:

- What are the approved aspects of the adoption of the concept of social responsibility by the company?
- What methods does the company use to increase its competitiveness?
- Does social responsibility contribute to increasing the competitiveness of Algerian economic companies?

### **Hypotheses of the study**

- The company focuses on the social and environmental aspects of adopting the concept of social responsibility;
- The company relies on diverse and innovative methods to increase its competitiveness;
- Social responsibility contributes to increasing the competitiveness of Algerian economic companies.

### **Importance of the study**

The importance of this study lies in clarifying the extent to which social responsibility contributes to increasing the competitiveness of companies, through the study of a sample of Algerian economic companies.

#### **1- Theoretical aspect**

##### **1-1 The concept of Social responsibility**

Social responsibility is the ability to manage and satisfy the different stakeholders of the company. (Boukalkoul el hadi, 2017, p. 3)

Social responsibility is defined as a concept in which companies integrate social and environmental concerns into their interactions with their stakeholders, with the aim of respecting the principles of so-called sustainable development, i.e. a three-pillar performance: the social, environmental and economic dimension. (Yeghni Samia, 2021, p. 663)

Social responsibility is the voluntary integration on the part of companies of environmental and social concerns in their commercial activities, and also in their interactions with the various stakeholders. (Karim, 2019, p. 7)

Social responsibility can be defined as the commitment of the company towards the community in which it operates, by contributing to a group of social activities, to solve problems led by the society which are related to the problems of environmental pollution, inflation, poverty alleviation, creation of employment

opportunities, and others.

## 1-2 The different stakeholders and their interests

The various existing stakeholders and their interests: (Karim, 2019, p. 21)

### Internal stakeholders:

- **Owners and Management:** Their interest is Income/profit; Security of capital in the future; Independence/freedom of decision; Power, influence, prestige; Development of ideas and personal fulfillment, work=reason for living.
- **Employees:** Their interest is Income (employment); Social security; Useful occupation and personal development; Social contact (membership of the group); Status, recognition, prestige (satisfaction of the ego).

### External stakeholders

- **Donors:** Their interest is: investment security; satisfactory remuneration; growth of assets.
- **Suppliers:** Their interest is: contract stability; favorable conditions; buyers' solvency.
- **Customers:** Their interest is satisfactory services in terms of quality/price; Good service, advantageous conditions.
- **Competitors:** Their interest is respect for the principle of loyalty and the rules of competition.
- **Stat:** Their interest is taxes; social benefits; contribution to local and regional infrastructure; compliance with legislation and standards; Participation in political decision-making.

## 1-3 The concept of company competitiveness

The competitive company has a set of capabilities that allow it, as the case may be, to enter, maintain or develop in a competitive field made up of all the forces crossing its environment and likely to oppose its objectives, its projects and its operations. (Amine, 2017, p. 1093)

The competitive company is the one with the lowest costs, that is to say the one that has been able to achieve the most efficient use of factors for equivalent factor costs through experience. (Nassimal, 2022, p. 296)

## 1-4 Competitiveness factors

The competitiveness factors are:

- **Human capital:** a competitive company is one that has been able to attract the most talented, best trained, and most capable of initiative.
- **Innovation capital:** There is an innovation capital that is the transcription of the company's ability to see further and before others.
- **Company capital:** In a complex world, the company and control of incoming and outgoing flows (links between customers and the company and links between suppliers and the company) leads to significant productivity gains and value creation.
- **Customer capital:** The customer is at the center of every company's concerns: finding new

customers and retaining them are the two vectors of commercial policy.

- **Supplier capital:** Companies also create value for their suppliers. A company can reduce its supply costs through sustainable relationships with its suppliers.
- **Capital providing funds:** In the company, the shareholder, the banker and the employee become central partners in the same way as the other players in the company and that we seek to develop and retain. (Kerzabi dounia, 2014, p. 132)

### 1-5 The role of social responsibility in increasing the competitiveness of a company

There is a strong and direct relationship between social responsibility and company reputation, because when the social responsibility initiative increases, the value of the company’s reputation also increases, through: (Malika, 2017, pp. 288-289)

Commitment to social responsibility leads to improving the image and reputation of the company and strengthening its relationships with partners, especially since a good reputation is one of the most important intangible resources that the company can only achieve and improve through ethical and social behaviors.

Socially responsible business practices lead to strengthening the position of the product and its brand and improving the reputation of the company, because a socially responsible company benefits from the improvement of its reputation among the public and the business world

Adopting social responsibility helps the company improve its reputation, and therefore its ability to attract and retain a qualified workforce through its legal and ethical obligations, thus creating a kind of loyalty and commitment among these workers, boosting their morale and increasing their production, which leads to improving the quality of the company's products.

Social responsibility towards stakeholders also helps to improve the competitiveness of the company by creating a balance and strengthening the relationships between the company, its workers, its customers, its suppliers, its shareholders, society and the environment in which the company operates (Mona Masghouni, 2017, p. 18)

The adoption of social responsibility contributes to obtaining a set of competitive advantages that allow the company to improve its competitiveness, by improving operational efficiency, creativity and innovation, increasing productivity and quality and obtaining a sustainable competitive advantage (Malika, 2017, p. 290) .

## 2- Methods and Materials

A sample of 70 Algerian economic companies was selected. The following table shows the response rate of the study sample.

**Table 1.** Sample Response to Study

Number of questionnaires distributed	Number of questionnaires retrieved	Response rate
70	66	94.28%

**Source:** Prepared by researchers

## 2-1 Study Material

The study was based on a questionnaire prepared according to the scientific research methodology, which was distributed to a sample of Algerian economic companies.

The questionnaire was divided into two main parts: the first part deals with the general information such as the qualification, the professional experience and Function, the second part is devoted to the axes of study divided into three axes.

## 2-2 Statistical treatments

SPSS 20 was used in this study using: Alpha Cronbach, arithmetic mean, standard deviation, T-test for a sample.

The questions will be analyzed and judged on the meaning of the answer using the weighted mean and the Fifth Likert Scale.

The following table shows the values of the alpha Cronbach obtained.

**Table 2.** Alpha Cronbach values

The axes	Alpha Cronbach
Axis 1	0.739
Axis 2	0.607
Axis 3	0.780
All axes	<b>.0875</b>

**Source:** Prepared by researchers based on SPSS 20 results

## 3- Results and discussion

### 3-1 Statistical description of the study sample according to general information

**Table 3.** Distribution of the study sample according to general characteristics

Characteristics		Repetition
<b>Qualification</b>	License	36
	Magister / Master	22
	Professional certificate	08
	<b>Total</b>	<b>66</b>
<b>Professional experience</b>	Less than 5 years	11
	From 5 to 9 years	20
	From 10 to 19 years	28
	More than 20 years	07
	<b>Total</b>	<b>66</b>
<b>Function</b>	Financial manager	31
	accountant	28
	manager	7
	<b>Total</b>	<b>66</b>

**Source:** Prepared by researchers based on SPSS 20 results

### 3-2 Statistical description of the study sample according to Statistical description of the study sample according to the weighted mean and standard deviation

**Table 4.** The weighted mean and standard deviation of the first axis

The phrase	Weighted mean	Standard deviation	The direction of the answer
The company seeks to provide products that are suitable for the needs of the society	4.287	0.548	always
The company complies with laws regarding protection against occupational risks, illnesses and work accidents	4.257	0.589	always
The company assumes its responsibility towards the members of the community	3.787	1.045	often
The company seeks to manufacture its products without harming society and the environment	4.060	0.942	often
The company respects the laws related to environmental protection	4.363	0.715	always
The Foundation provides financial assistance to its employees in the event of Hajj, marriage, etc.	4.378	0.488	always
The Foundation allocates part of its profits to support charitable and social companies.	3.636	1.017	often

**Source:** Prepared by researchers based on SPSS 20 results

Table (4) shows all sentences in the axis in which the response direction of the sample was “always”, with the exception of three sentences in which the response direction was “often”. This indicates that the company focuses on the social and environmental aspects of adopting the concept of social responsibility.

**Table 5.** The weighted mean and standard deviation of the second axis

The phrase	Weighted mean	Standard deviation	The direction of the answer
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The company aims to achieve a high degree of efficiency in work and innovate new methods than competitors.	4.318	.0469	<b>always</b>
The company provides high quality products compared to the products of competing companies	3.666	0.950	<b>often</b>
The company relies on research and development methods in order to provide a competitive product	4.333	0.790	<b>always</b>
The company has highly experienced human competencies and skills.	4.287	0.718	<b>always</b>
The company uses modern technology, in order to save time and effort.	3.666	0.950	<b>often</b>
The company works to select materials that reduce costs and meet quality standards	3.893	1.054	<b>often</b>

**Source:** Prepared by researchers based on SPSS 20 results

Table (5) shows all sentences in the axis in which the response direction of the sample was “always” and “often”. This indicates that the company relies on diverse and innovative methods to increase its competitiveness.

**Table 6.** The weighted mean and standard deviation of the last axis

<b>The phrase</b>	<b>Weighted mean</b>	<b>Standard deviation</b>	<b>The direction of the answer</b>
The company works to involve employees in making decisions that lead to increasing product quality.	4.333	.0640	<b>always</b>
The company takes into consideration the opinions and suggestions of its customers in order to improve the quality of its products	4.212	.0668	<b>always</b>
The company seeks to provide high quality products at reasonable prices	3.575	.0945	<b>always</b>
The company seeks to maintain its reputation in the market by respecting the contracts concluded with its customers and suppliers	3.621	.0957	<b>often</b>
The company uses modern technologies to avoid soil, water and air pollution, which allows for achieving a competitive advantage	4.363	.0777	<b>always</b>
The company follows an honest and purposeful advertising policy when advertising its products	4.333	.0771	<b>always</b>
The company is committed to providing honest financial information	4.045	1.111	<b>often</b>
The company works to respect the rules of competition	3.681	.0914	<b>often</b>
The Foundation provides assistance to charitable companies	3.848	.0898	<b>often</b>
The Foundation contributes to supporting local community projects	3.636	.0938	<b>often</b>

**Source:** Prepared by researchers based on SPSS 20 results

Table (6) shows all sentences in the axis in which the response direction of the sample was “always” and “often”. This indicates that Social responsibility contributes to increasing the competitiveness of Algerian economic companies.

### 3-3 Distribution normality test

To determine whether the data followed a normal distribution, the one-sample K-S test was performed.

**Table 7.** Distribution normality test

The axes	z value	sig
Axis 1	1.008	.0026
Axis 2	.1187	.0019
Axis 3	0.949	.0031

**Source:** Prepared by researchers based on SPSS 20 results

From the previous table, it is clear that the value of the sig is greater than 0.05, and therefore all axes of the questionnaire follow a normal distribution.

### 3-4 Test of the hypotheses of the study

The study hypothesis was tested using *One-SampleT*-test, at a level of 5%.

#### For the hypotheses of the first axis

H0: The company does not focus on social and environmental aspects by applying the concept of social responsibility

H1: The company focuses on the social and environmental aspects of applying the concept of social responsibility

**Table 8.** Results of the *One-SampleT*-test for the First Axis

Axis	T calculated	Sig
The First Axis	67.323	<b>0.000</b>

**Source:** Prepared by researchers based on SPSS 20 results

The T calculated value of is greater than T tabular and Sig less than 0.05. We reject the null hypothesis H0 and accept the alternative hypothesis H1, which means that the company focuses on the social and environmental aspects of applying the concept of social responsibility.

**For the hypotheses of the second axis**

H0: The company does not rely on diverse and innovative methods to increase its competitiveness

H1: The company relies on diverse and innovative methods to increase its competitiveness.

**Table 9.** Results of the *One-Sample T*-test for the second Axis

Axis	T calculated	Sig
The second Axis	66.700	<b>0.000</b>

**Source:** Prepared by researchers based on SPSS 20 results

The T calculated value of is greater than T tabular and Sig less than 0.05 we reject the null hypothesis H0 and accept the alternative hypothesis H1, which means that The company relies on diverse and innovative methods to increase its competitiveness

**For the hypotheses of the last axis**

H0: Social responsibility does not contribute to increasing the competitiveness of Algerian economic companies

H1: Social responsibility contributes to increasing the competitiveness of Algerian economic companies

**Table 10.** Results of the *One-Sample T*-test for the last Axis

Axis	T calculated	Sig
The second Axis	63.648	<b>0.000</b>

**Source:** Prepared by researchers based on SPSS 20 results

The T calculated value of is greater than T tabular and Sig less than 0.05 we reject the null hypothesis H0 and accept the alternative hypothesis H1, which means that Social responsibility contributes to increasing the competitiveness of Algerian economic companies

Through the results obtained from the field study, the validity of the study hypothesis was proven.

**Conclusion**

The study reached a set of results, the most important of which are:

- There are many ways that the company adopts in order to increase its competitiveness, in order to ensure survival, continuity and competitive distinction, and this is evident through the company providing high-quality products compared to the products of competing companies;
- The company's assumption of its social responsibility achieves many benefits for society, such as providing healthy goods and products to society and preserving the environment from pollution;
- The company's adoption of social responsibility creates a good relationship with employees, shareholders and other stakeholders, which increases their loyalty and interest in the company;
- The company's adoption of the concept of social responsibility allows it to improve its commercial image, which enhances its competitive position in the market and society;
- The company's commitment to implementing various laws and respecting the principles of fair competition contributes to maintaining its image and reputation in the market.

#### **Study suggestions:**

- Continuous interest in innovating and developing new competitive methods that will lead the company to superiority and competitive distinction in the market;
- The necessity of emphasizing social practices that achieve community well-being, such as allocating a portion of the institution's profits to support charitable and social projects.

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