

**Research Article**

## **THE IMPACT OF SOCIAL RESPONSIBILITY ON ORGANIZATIONAL HAPPINESS (CASE STUDY: MASKAN BANK SELECTED BRANCHES IN ARAK PROVINCE)**

**\*Mahdi Tayebi<sup>1</sup> and Mahdi Esmaili<sup>2</sup>**

<sup>1</sup>*Department of Public Administration, Farabi Campus, University of Tehran, Iran*

<sup>2</sup>*Department of Management of Technology, University of Tehran, Iran*

*\*Author for Correspondence*

### **ABSTRACT**

Present study aims at investigating the impact of social responsibility on organizational happiness. Social responsibility is considered in four aspects of economic, legal, ethical and humanistic responsibility. It is descriptive survey and its populations consists of all managers and employees of Maskan Bank branches in Arak province (Iran) selected by using layer random sampling method. To this end, 200 questionnaires were distributed and finally 150 ones were returned and analyzed. Carol's questionnaire (2000) is used to gather information that its validity is confirmed. Cronbach's alpha value is used to measure its reliability. AVE is used to study questionnaire's validity. In addition to Cronbach's alpha value, CR technique is used to examine its reliability. SPSS21 and SMART-PLS3 software packages, Spearman correlation coefficient, regressions analysis and structural models are used to analyze data. The findings indicate that social responsibility has positive and significant impact on organizational happiness in all four economic, legal, ethical and humanistic aspects.

**Keywords:** *Social Responsibility, Organizational Happiness and Maskan Bank*

### **INTRODUCTION**

Social responsibility is defined as an organizational function by which organization respect individuals' rights and promotes public welfare in addition to conducts its own economic operations (Shahin and Zairi, 2007).

On the other hand, one of the problems facing with today organizations is human force and organizational disability to exploit employees' potential especially in specialized levels. It has reduced organizational productivity and failure in both national and international arenas (Ansari *et al.*, 2013). According to experts, there are clear signs of depression, negative emotions and neurosis with such outcomes as lowering the age of suicide, increase in divorce and delinquency, job leaving and many spiritual and social problems as if happiness is eliminated from workplace and replaced by depression. In a happy environment, a dynamic mind, clear language and talents are blossomed. Organizations that their employees feel commitment to job responsibilities are in high levels in terms of productivity and efficiency.

In such environment, affective, mental and social needs of people are respected sufficiently and it is expected that people feel attachment to their surrounding environment. On the one hand, happiness improves employees' positive feelings and, on the hand, it mitigates negative ones and improves productivity. Happiness is the infrastructure of many issues and the driving force of the society so that all countries attempt to do initiative at least to lead the society toward happiness if they cannot provide all necessary elements for happiness.

The importance role of happiness in mental health, physical well – being, efficiency, productivity and social contribution has increased the attention of authors in psychology, biology and social science into affecting factors on happiness.

Happiness not only penetrates into social phenomena sch interpersonal relations but also it impacts on cognitive phenomena such memory, learning, problem solution and intellectual flexibility (Niknam, 2011). Hence, present study examines the impact by social responsibility on organizational happiness in Maskan Bank branches in Arak province.

## **Research Article**

### **Research Theoretical Basics**

#### *Social Responsibility*

Social responsibility is management commitment and responsibility against society and people during managerial decision makings and behaviors. For instance, as mentioned by Dubrine and Ireland (1989), managers should show their responsibility in their decision making on such issues as environmental pollution, discrimination, poverty, unemployment and inflation. They should not simply consider their organizational interests. As a subsystem of the society, the organization is responsible for impacts by its functions and performance on society and people. Social responsibility is closer to ethics and ideology than science. Karna links social responsibility to a kind of intellectual democracy and creates a relationship between social responsibility, ethical values and legal responsibility. “Social responsibility needs to refer to people and environment. It adapts to ethical values and in parallel with legal responsibility” (Karna *et al.*, 2003). Social responsibility is a kind of social commitment by people to them, other and the society in which they live. Society and social responsibility need and foster each other (Trainer, 2005). Vadoc (1997) and Orlitzky (2003) found a positive association between companies’ social performance and financial performance (Yubis and Alas, 2009). Marcelon (2003) expressed the concept of social responsibility by three areas of company operations including economic, social and managerial ones. Social responsibility concept impacts on employees’ commitment. Nejati and Ghassemi (213) believe that social responsibility is the process of wealth generation, competitive advantage promotion and maximizing the value of generated wealth for society (Zu and Tan, 2008). Social responsibility expresses that profitability is not the only aim of business. Additionally, it is said that responsible organizations against society are more successful in their business performance and achieve such aims as product selling, trust building and brand making (Chamoylailok and Butcher, 2013). Social responsibility is a subset of tasks linked to voluntarily activities for society (Arvalo and Aravind, 2011). According to Carol, social responsibility of companies is beyond legal and economic requirements. He expressed social responsibilities in four aspects including economic, legal, ethical and humanistic responsibilities (Lemandy, 2007).

#### *Organizational Happiness*

In literature, there are varied definitions on happiness. One problem is that happiness is not so precise and people use with relatively different meanings (Ayznk, 1999). Happiness is a great gift which should be looked for, found, valued and transferred to others. Happiness is an important and affecting factor on life and its dynamism. Happiness plays a vital role in blossoming the talents and their creativity (Nasr, 2012). Happiness is a positive mood against sadness and usually leads into a behavior as happy making namely the person is happy (Samak, 2006). Since happiness is a human’s radical emotion, anyone experience it uniquely. However, defining happiness is not as easy as its experience (Mirshah *et al.*, 2002). According to Jeremy Bentham, happiness is the sum of enjoyments and pains. In other words, happiness is based on the number of enjoyable events. Aristotle asserts: “Happiness is the most excellent goodness achievable by ordinary people or elites” (Alavi, 2009). In workplace, happiness is manifested when people use their talents and capabilities to achieve their work goals. Talents include a set of different mental and physical abilities. Inner abilities are capitals of any person that can create permanent feeling of satisfaction and happiness if they are used (Zareimatin *et al.*, 2009). Happiness is a wide scope but it can be divided into two parts: real, deep and excellent happiness: it is the result of religious belief since religion has recommended on happiness and has praised its symbols and has shown the way to achieve it fully. Temporal happiness: it is the result of temporary and artificial emotions and damaging activities. Lack of real enjoyments would cause that people look for new emotions and when such happiness is in its peak, they lead into a homesickness since the emotion is experiences which the person has not grown and his/her mental borders are not improved (Nasr, 2012).

### **Research Background**

In past two decades, the number of studies on happiness is increased. According to Mayer, the number of papers on happiness has increased form 150 in 1979 to 870 in next decade. Studies indicate that happy people experience lower burnout, affective depression and absenteeism and they are less likely to leave

### **Research Article**

their service. Likewise, studies indicate that happy employees are more committed to the organization (Zareimatin, 2009). In his study, Neshatdoost (2009) found that there is a significant relationship between employees' happiness and life satisfaction, optimism, family satisfaction, wife's happiness, sport, job satisfaction, going to parties and holding parties, heart believe in the Divinity, artistic works, studying, travel, psychological disorders and physical illness records. The results of a study by Nasrabadi and Bahramy in Isfahan Steel Mill indicate a significant relationship between happiness factors and productivity. They suggest that parent industries should respect workplace internal and external factors which impact on employees' happiness and job satisfaction in order to achieve effectiveness and efficiency. According to Siadat *et al.*, (2011), no significant difference was observed between employees' happiness and gender, educational degree, job experience, job scope and age in Chahar Mahal and Bakhtiari Training and Education General Directorate.

Ansary *et al.*, (2013) conducted a study on affecting social factors on happiness in workplace in Iranian National drilling Company. The main aim was to a study affecting social factors on happiness in workplace in Iranian National drilling Company. Research independent variable to measure happiness in workplace included gender, age, educations, marital status, discipline, type of working shift, experience, monthly income, creativity, job security, amenities, training facilities, leisure time, contributive management and job satisfaction.

The findings indicates that there was a direct and significant relationship between happiness and age, marital status, creativity, job security, amenities, training facilities, leisure time, contributive management and job satisfaction while there was no significant relationship between happiness and gender, educations, discipline, type of working shift and monthly income. Overall, 28.2% of happiness changes in workplace are due to job security and job satisfaction and the remained is due to other factors. Likewise, gender and educations are happiness significant predictors in workplace. Practical implications are discussed.

Panahi and Dehghani (2002) conducted a study on affecting factors on students' happiness by emphasis on social contribution. present paper was looking for studying affecting factors on students' happiness by emphasis on social contribution.

By using current theories in a theoretical framework, hypotheses were devised. Research population consists of all students in Alameh Tabatabaei and Sanaati Amir Kabir Universities. By layer sampling method, 400 subjects were selected as research sample and relevant data was gathered and analyzed through a questionnaire.

Research findings from T Test and Pearson Test indicate that all research variables except than gender and official contribution associate with happiness. The findings from multivariate analysis indicated that such variables as satisfying the needs, trust to others and unofficial social contribution have the highest impact on students' happiness.

These variables explained 15% of students' happiness. Pillai (2012) conducted a study on the relationship between happiness, psychological capital and organizational citizenship behavior. The findings indicate that there is significant and positive relationship among all variables. In fact, the author concluded that organizational happiness can improve psychological capital and organizational citizenship behavior.

Also, psychological capital improves OCB. Kerns *et al.*, (2010) conducted a study on the relationship between happiness and performance in workplace. Their aim was to improve employees' performance in workplace through happiness. The findings indicate that more rates of happier employees would lead into organizational performance and customer satisfaction improvement.

### **Research Conceptual Model**

To conceive the relations among variables fully and based on above – mentioned points, social responsibility and organizational happiness are considered as endogenous and exogenous variables respectively. Therefore, by providing proposed model (figure 1), we analyze research conceptual model and framework in banking industry based on research hypotheses.

### Research Article

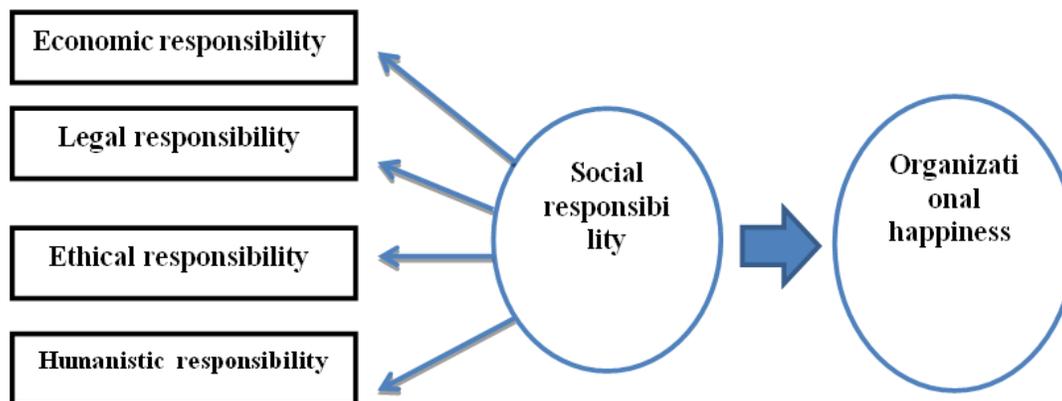


Figure 1: Research conceptual model

### Hypotheses

#### Main Hypothesis

There is a relationship between social responsibility and organizational happiness in Maskan Bank selected branches.

#### Minor Hypotheses

There is a relationship between economic responsibility and organizational happiness in Maskan Bank selected branches.

There is a relationship between legal responsibility and organizational happiness in Maskan Bank selected branches.

There is a relationship between ethical responsibility and organizational happiness in Maskan Bank selected branches.

There is a relationship between humanistic responsibility and organizational happiness in Maskan Bank selected branches.

## MATERIALS AND METHODS

### Methodology

In terms of purpose, this is an applied study while it is a descriptive survey and field study in terms of data collection. One of the most important attributes of a survey is the extendibility of its results. After reviewing relevant texts and literature and based on researchers' opinions, research conceptual model was drawn and assessment indicators were devised. According to Carrol (2000), social responsibility was considered as independent variable in four aspects: economic responsibility, legal responsibility, ethical responsibility and humanistic responsibility. Organizational happiness was also considered as dependent variable. To assess the relationship among model aspects, research hypotheses were devised. A questionnaire was formulated to measure research variables and distributed among statistical sample. Based on testing the hypotheses, final model was drawn in which the relationship between social responsibility and organizational happiness was analyzed.

### Research Population and Sample

Research population consists of all managers and employees of Maskan Bank selected branches in Arak province (Iran) selected by using layer random sampling method. Sample size is 150 selected by Morgan Table (1970).

### Research Tool

Research tool consists of two questionnaires devised by the advisory of research expert group and studying two questionnaires in past researches: one for social responsibility and another one for organizational happiness in Maskan Bank selected branches based on research variables. A questionnaire was devised by experts' opinion in two parts: part one has 5 demographic questions and part has closed 13 questions on social responsibility and 5 questions on organizational happiness in Likert five – point

**Research Article**

scale. AVE is used to study questionnaire’s validity while CR technique is used to examine its reliability along with Cronbach’s alpha value. All ratios are rendered in table 1. Since AVE is over 0.5 and CR is over 0.7 for all indicators, proper fitness of measurements models is confirmed. By using descriptive statistics, all demographic questions and then by using statistical tests such as Spearman correlation test, data analysis was conducted by SPSS21 and SMART – PLS 3 software packages.

**Table 1: The results of validity and reliability analysis on social responsibility and organizational happiness**

CR	AVE	Cronbach’s alpha value	Component
0.76	0.60	0.83	Economic responsibility
0.80	0.62	0.73	Legal responsibility
0.79	0.61	0.74	Ethical responsibility
0.72	0.65	0.80	Humanistic responsibility
0.65	0.63	0.76	Organizational happiness

**RESULTS AND DISCUSSION**

**Research Data Analysis and Findings**

Demographic traits of research sample indicate that women and men constitute 30% and 70% of the population respectively. The highest and lowest educations are bachelors (50%) and high school diploma (9%). Four age groups (18 – 25; 26 – 35; 36 – 45 and over 45 years) are considered in present study. The highest frequency (43%) was among 26 – 35 year-old group.

**Spearman Correlation Test Results**

To test the relations among research variables, Spearman layer correlation test is used and since all variables are qualitative, SPSS software package is used. Relevant findings are shown in table 2.

**Table 2: Social responsibility and organizational happiness correlation, averages, standard deviations**

Sig	Standard deviation	Average	Social responsibility	Organizational happiness	Humanistic responsibility	Ethical responsibility	Legal responsibility	Economic responsibility	
0.001	0.80	3.2						1	Economic responsibility
0.001	0.79	3.1					1	0.61	Legal responsibility
0.001	0.91	3.5				1	0.62	0.64	Ethical responsibility
0.001	0.85	3.4			1	0.61	0.60	0.62	Humanistic responsibility
0.001	0.80	3.1		1	0.61	0.60	0.63	0.67	Organizational happiness
0.001	0.92	3.5	1	0.67	0.75	0.64	0.65	0.70	Social responsibility

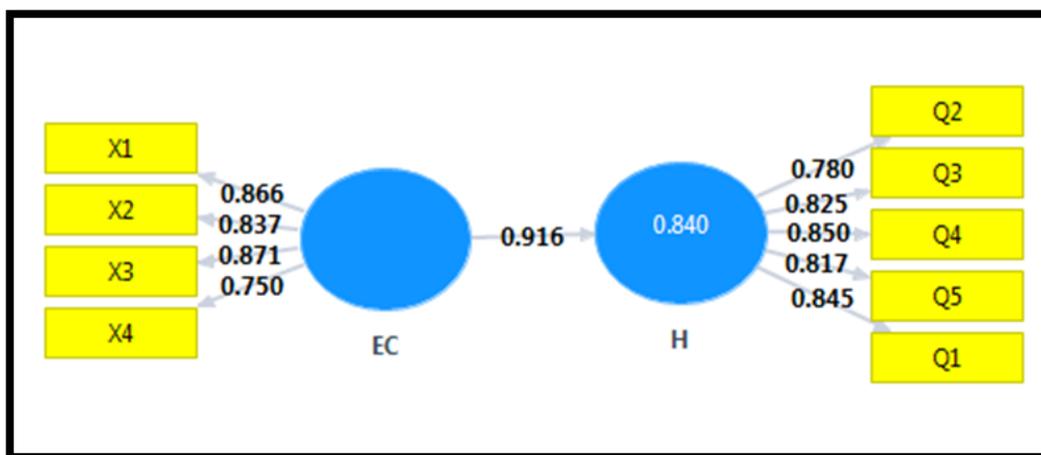
Since significance level between social responsibility and organizational happiness is lower than 0.05, once can conclude that there is an association between both variables and main hypothesis was confirmed.

**Research Article**

Also, significance level is reported less than 0.05 for economic, legal, ethical and humanistic responsibility with organizational hypothesis. Therefore, there is a relationship between them and one can conclude that there is a relationship among variables and minor hypotheses are also supported.

**Research Model by SEM**

In present study, SMART – PLS software packages and structural equation models are used (figure 2) to analyze the impacts by social responsibility (independent variable) and organizational happiness (dependent variable). In figure 2, X1 = economic responsibility, X2 = legal responsibility, X3 = ethical responsibility, X4 = humanistic responsibility and EC = social responsibility and H = organizational happiness.



**Figure 2: Standard ratios in SEM (confirmatory factors loadings)**

To study the quality of structural model in PLS, GOF indicators are used. Since three values (0.25, 0.01 and 0.36) are defined as weak, middle and strong for GOF, research GOF value was computed 0.5 which show proper quality of structural model.

Another measure to analyze structural model fitness is  $R^2$  which indicates the impacts of one endogenous variable on an exogenous one. Three values (0.19, 0.33 and 0.67) are considered as weak, middle and strong benchmarks for  $R^2$ . Based on software’s report, this measure is in middle.  $Q^2$  which determines the power of the model has values of 0.2, 0.15 and 0.35 as weak, middle and strong. Based on software’s report, it is in middle level which suggests proper fitness of structural model (table 3).

**Table 3: Structural equation modeling indicators and measures**

Organizational happiness	Humanistic responsibility	Ethical responsibility	Legal responsibility	Economic responsibility	Component Indicator
0.64	0.61	0.65	0.60	0.61	$R^2$
0.25	0.27	0.30	0.29	0.30	$Q^2$

Concerning SEM, the impact by social responsibility or organizational happiness as the main hypothesis is significant. In the meantime, the impact by economic responsibility on organizational happiness as the first minor happiness, the impact by legal responsibility on organizational happiness as the first minor happiness and the impact by humanistic responsibility on organizational happiness as the first minor happiness are all significant. It means that the findings confirm a causal positive relationship between the variables of main and minor hypotheses. Therefore, all hypotheses are supported. Table 4 shows the findings of causal analysis by using SEM to test research findings. In PLS software, confirming or rejecting the hypotheses is denoted by t statistic. In the case that t statistic is greater than 1.96, it shows a causal relationship between variables and hypothesis is confirmed. The results are shown in table 4.

**Research Article**

**Table 4: Structural equations factor analysis results**

Test result	T	Path ratio	Hypotheses
Confirmed	12.23	0.91	Main hypothesis: social responsibility impacts on organizational happiness
Confirmed	8.20	0.65	Minor hypothesis 1: economic responsibility impacts on organizational happiness
Confirmed	9.10	0.70	Minor hypothesis 1: legal responsibility impacts on organizational happiness
Confirmed	9.15	0.70	Minor hypothesis 1: ethical responsibility impacts on organizational happiness
Confirmed	8.40	0.69	Minor hypothesis 1: humanistic responsibility impacts on organizational happiness

**Conclusion and Recommendations**

The results of SEM and path analysis indicate that all research hypotheses are confirmed and the positive relationship between social responsibility and organizational happiness is approved. In other words, more importance of social responsibility would increase organizational happiness. GOF is computed as 0.5 which indicates proper quality of SEM. According to the findings, happiness in Arak Maskan Bank selected branches is in desired level.

Likewise, social responsibility follows it (mean = 3.5). According to investigations, legal responsibility and ethical responsibility play different roles in shaping organizational happiness. Legal responsibility is effective in promoting happiness. Likewise, ethical responsibility impacts on organizational happiness (0.70). In terms of report by software, R2 which shows the impact by an exogenous on an endogenous variable is in medium level. Also, the results by Spearman layer correlation test indicated that there is a significant relationship among variables. The average of variables is in desired level. Noteworthy, in our domestic banking industry with excellent culture, civilization and religious background with huge customers and transactions, it plays a double role. Therefore, the movement by organizations especially banking industry toward relations between social responsibility and employees and customers would help them to achieve an excellent organizational performance.

Hence, below items are recommended to experts:

- Executing social responsibility strategies and respecting organizational acceptance and legitimacy
- Avoiding the acceptance of beyond scope responsibilities which would weaken organizational happiness
- Fostering legal and ethical traits of services through devising proper marketing plans
- Using social responsibility – based public relations
- Publishing valuable news on social responsibility activities

**Below recommendations can be provided for next researches:**

- Studying the impact by social responsibility on virtual organizations
- Studying the impact by social responsibility on organizational authenticity

**Concerning research limitations, one can point out below ones:**

- Lack of proper responding to questionnaire by some employees
- Lack of cooperation by some managers and employees
- All relevant limitations of questionnaires

**REFERENCES**

**Alavi HR (2008).** Investigated the relationship between happiness and behavior among students of Kerman University. *Journal of Islamic Education* 9 95-123.  
**Ansari Abraham, Ghazanfari A, Frhmdyan Mina and Makvandi Azita (2012)** studied the social effects of workplace happiness in the National Iranian Drilling Company. *Social Science Journal of Islamic Azad University of Valley*, year VII (20) 169-196.

**Research Article**

**Arevalo JA and Aravind D (2011).** Corporate social responsibility practices in India: approach, drivers, and barriers. *Corporate Governance* **11**(4) 399- 414.

**Chomvilailuk R and Butcher K (2013).** The effect of CSR knowledge on customer liking, across cultures. *International Journal of Bank Marketing* **31**(2) 98-114.

**Dubrin Andrew J, Irelan R Duane and Williams J Clifton (1989).** *Management and Organization* (Cincinnati:South-western Publishing Co.).

**Eysenck Michael (2001).** *Always Happy*, second edition, translated by ChvIngr Z (NashrnsI new thinking).

**Karna J, Hansen E and Juslin H (2003).** Social responsibility in environmental marketing planning. *European Journal of Marketing* **37**(5/6) 848, 871.

**Kerns DCD, Pasadena CA and Ko K (2010).** Exploring happiness and performance at work. *Journal of Organizational Leadership & Business*.

**Iamandi I (2007).** Corporate Social Responsibility and Social Responsiveness in a Global Business EnvironmentA Comparative Theoretical Approach. *Romanian Economic Journal* **23** 3-18.

**Nasr Esfahani A, Farouki M and Amiri Zainab (2011).** The effect of good character Bershad employee directors on Islamic teachings. *Journal of Management* **20**(1) 61-79.

**Nejati M and Ghasemi S (2013).** Corporate social responsibility and organizational commitment: Empirical findings from a developing country. *Journal of Global Responsibility* **4**(2) 263-275.

**Maryam (2010).** Relationship between creating happiness in the workplace and employee performance in the city government offices, Payanamh MSc.

**Panahi Mohammad Hussain and Dehghan Hamid (2011).** Factors affecting the happiness of students with an emphasis on community participation. *Applied Sociology* **47** 1-18.

**Samak Amani MR (2005).** *Happiness in Islam* (Branch: Publishing of agricultural education).

**Shah Mir Jafari E, Abedi Mohammad Reza and Drykvndy Hedayatllah (2001),** Happiness and Its Affecting Factors. *Cognitive Science News* (3).

**Shahin A and Zairi M (2007).** Corporate governance as a critical element for driving excellence in corporate social responsibility. *International Journal of Quality & Reliability Management* **24**(7) 753-770.

**Siadat Ali, Sharifi Tayebah and Samimi Shalamzar G (2010).** Determine the vitality of the provincial education department staff and provide a good model. Islamic Azad University of Shahrekord.

**Trainer T (2005).** Social Responsibility: the Most Important, and Neglected Problem of all? *International Journal of Social Economics* **32**(8) 682-703.

**Übüs Ü and Alas R (2009).** Organizational Culture Types as Predictors of Corporate Social Responsibility. *Engineering Economics* **1**(61) 90-99.

**Zarei Matin, Hassan Jandagh GH and Hagh Guyana Zolfa (2008).** *Identify the Components of Happiness at Work and the Assessment of these Factors in the Implementation of Arak, Public Administration* **1**(2) 35-48.

**Zhu D and Tan KH (2008).** Issues and challenges of CSR practices in textile industry: an empirical study in Suzhou, China. *Management and Enterprise Development Journal* **5**(6) 759-772.