The role of business ethics and social responsibility in achieving competitive advantage and ensuring sustainable business
(An empirical study on industrial companies in UAE)

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Key words
Business ethics, corporate social responsibility, competitive advantage, industrial companies

Abstract
This study aimed to identify the role of business ethics and social responsibility in achieving competitive advantage through survey of respondents of managers working in senior management in industrial companies located in UAE. The sample contained (65) directors working in senior management industrial companies.

The study found that there is a statistically significant effect for Business Ethics (independence and objectivity, honesty and integrity, impartiality and transparency) to achieve competitive advantage (lower cost, innovation and renewal) in the industrial companies. The results of the study also showed the presence of a statistically significant effect of social responsibility (responsibility towards the environment, responsibility towards consumers, responsibility towards the community) to achieve competitive advantage (lower cost, innovation and renewal) in the industrial companies.

The study recommended the development and promotion of business ethics, and the need for the companies to identify ethical policies and distributed across the company, and training of staff to enhance their ability to cope with difficult ethical problems.

Introduction
Companies strive to ensure sustainability through building a strong ethical and long term shareholder value while being a responsible corporate citizen. It is globally believed that the only way to achieve this is, to incorporate economic, social and environmental codes of conduct into business strategy.

The ethical aspects and the need to work in business ethics are not linked to specific communities, but it has become a vital issue however faced by business organizations in developed and developing countries. The concept of ethics relates to all organizational tasks, resources and human capacities as management and employees, employment, leadership, managers etc. It guides and promotes good behavior.

Business ethics relate to the behavior of individuals in various practical activities. This includes the way they deal fairly with their colleagues and customers’ . It is important to differentiate between ethical and legal conduct. Morality is the expected behavior of individuals, laws are dealing with acts required, they may be legal but immoral or unethical, but not illegal.

Although companies are primarily business organizations run for the benefit of shareholders, they have a wide-ranging set of responsibilities to their own suppliers, customers and employees, to the communities in which they are located, and to society at large. Companies do not operate as a sole player but rather are operating in a universe of relationships with multiple stakeholders. With the globalization the scenario in which companies operate has
become even more complex, given the emergence of global groups of stakeholders. Furthermore, globalization has also increased the levels of competition among firms, which look for new a creative ways to create a competitive edge (Friedman, 2000).

Corporate Social responsibility is a strategic decision by the Organization and is activated by various activities, different levels of organizations adopting social responsibility, where some social responsibility is compelled by law. The extent of the liability is determined by each organization through its social benefit to the community, under the auspices of the social aspects of the environment and contributes to social development and to abandon philosophy, maximize profit as a goal. The theme of social responsibility of subjects which gained great importance in developed countries long ago, entered in their plans and awareness campaigns to urge companies to adopt this responsibility and expenditure on this aspect and to assist the Government in solving the problems of society.

This research aims to identify the role of business ethics and social responsibility in achieving competitive advantage and to ensure sustainability through field study in industrial companies from the standpoint of departmental senior managers in these companies.

**Problem of the research**

This study was represented by the attempt to answer the following questions:

1. Is there any impact to business ethics (independence and objectivity, integrity, probity, fairness and transparency) to achieve competitive advantage (cost reduction, innovation and renewal) in companies?

2. Is there an impact of CSR (responsibility towards the environment, responsibility towards customers, responsibility towards the local community) to achieve competitive advantage (cost reduction, innovation and renewal) in companies?

**The hypotheses of the Research**

HO1 no statistically significant effect of business ethics (independence and objectivity, integrity, probity, fairness and transparency) to achieve competitive advantage (cost reduction, innovation and renewal) in companies

HO2 no statistically significant impact of CSR (responsibility towards the environment, responsibility towards customers, responsibility towards the local community) to achieve competitive advantage (cost reduction, innovation and renewal) in companies

**Model of the study**

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Dependent variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business ethics</td>
<td>The competitive advantage</td>
</tr>
<tr>
<td>-Independence and objectivity</td>
<td>-Cost reduction</td>
</tr>
<tr>
<td>-Honesty and integrity</td>
<td>-Innovation and renewal</td>
</tr>
<tr>
<td>-Integrity and transparency</td>
<td></td>
</tr>
<tr>
<td>Social responsibility</td>
<td></td>
</tr>
<tr>
<td>-Responsibility towards the environment</td>
<td></td>
</tr>
<tr>
<td>-Responsibility towards consumers</td>
<td></td>
</tr>
<tr>
<td>-Responsibility towards the local community</td>
<td></td>
</tr>
</tbody>
</table>

In a study carried out by the Al-taie, in (2006), with a view to developing a conceptual framework for marketing ethics and social responsibility in business organizations. The researcher found that ethics is an environmental impact to the business marketing attention when formulating marketing strategies and pricing strategies and promotion. It also found that
the ethics of marketing play a clear role in service marketing mix (7Ps) and reciprocal relationships between business organizations and their customers, and orientation towards knowledge and diagnosis of the wishes and needs of customers for services suited to the wants and needs of access to the detailed service concept to the customer or so-called Customization.

As well as study De Ven (2008), which aimed to develop an ethical framework for corporate social responsibility, companies that have a strong reputation for its customer must use CSR initiatives to achieve their marketing and other immediate objectives. And that specific marketing objectives the company must support up or have a direct link with core values and competitive advantages, and that the company should not try to hide that they benefit from their initiatives in social responsibility.

The results of a study of Hussein, and the Jameel, (2009), with the objective of identifying the relationship between the dimensions of social responsibility towards employees and the work ethic, the study found that the concept of social responsibility is one of the concepts that gained attention of most contemporary organizations, which was reflected in the past during the 1960s about maximizing profit at present concept became linked with the social aspect of the organization. The many dimensions of social responsibility towards employees must pay attention to organizations and to achieving the goals and increase their loyalty and interest in the Organization in which they work.

The researcher believes that the concept of ethics is a set of rules and behavioral principles and provisions and the moral values and ethical norms and standards that govern the actions of an individual or group in the performance of work in the work environment, these properties include the independence, objectivity and integrity, probity, fairness, transparency, reliability, responsibility and other aspects of ethical conduct for wrong behavior.

**Social responsibility**

Various definitions of the concept of social responsibility in the underpinnings and implications, according to the nature of the work and material and human capabilities and the surrounding environment, regulations and legislation which govern and regulate their work. Both have pointed out (Carter & Burritt, 2007, p:19) to try to find a definition of the concept of social responsibility, which emerged in different names all point to social responsibility (social accountability and organizational ethics and organizational citizenship and organizational commitments), is a difficult as this term or concept is complicated, like the term globalization and sustainable development, these terms have multiple meanings, so that if one appears reflected a new understanding of the concept or term.

In view of the increasing importance of social responsibility have appeared many definitions that tried to determine the precise definition of social responsibility, notably the definition of ISO international standards organization, known as: "the Organization's responsibility for the consequences of its decisions and activities on society and the environment through transparency and ethical behavior consistent with sustainable development and the well-being of the community as well as taking into account the expectations of shareholders, social responsibility is a commitment to work towards the community in which it operates, by contributing to a wide range of social activities such as combating poverty, improving Health services, combating pollution, and create jobs and solve the problem of housing and transportation, among others.

**The competitive advantage**

The concept of competitive advantage has filled space and an important place in each of the areas of strategic management and business economics (Betlis, 2000, p: 7), the competitive
advantage of the important strategic element to help capture opportunities, offers substantial and genuine opportunity to achieve sustained profit organization compared to its competitors. It is the source of competitiveness and strengthen the company's position in its economic benefits, through their competitors in the areas of product, price, cost, and therefore focus on production.

Studies show (Covin, 2000, p: 175) to competitive advantages is a specific property or group of properties owned by the Organization and to distinguish them from others, so check out her strong stance against various parties. And that the real challenge facing any organization not to produce or deliver products, but constant saturation capacity to the needs and wishes of the customers. The focus is on the Organization to achieve competitive advantage through its products meet the needs and wishes of the customers, or value you wish for customers of those products. As attention to convert these needs to target areas or capabilities are called dimensions. And choose the Organization dimensions of competitiveness (Jay & Janet: 2002) when submitting their products to meet market demands even working to achieve competitive advantage, and these dimensions:

1. **Cost reduction**: shall mean the capacity of the Organization to design, manufacture, and marketing of products at the lowest possible cost in comparison with its competitors, enabling them to achieve higher profits, low cost create selling opportunities at competitive prices. This dimension is based on least cost production inputs relative to competitors, which means a reduction in the total cost of any industry. Have achieved by discovering a cheap supplier of raw materials, or rely on economies of scale, i.e. the allocation of fixed costs over a large number of production units, or get rid of the middlemen, and rely on State-owned enterprise distribution outlets, or use methods of production and reduce cost, or using the computer to reduce manpower (Kotler & Keller, 2009, P:56).

2. **Creativity and innovation**: a restructuring or new ideas come with something new, which is a solution to a problem, or a new idea and implementation is linked to technology and impact on institutions. Creativity and innovation is one of the basic necessities of business and organizations, reflected the growing needs and expectations, it is no longer sufficient or even satisfactory business performance in all kinds of organizations through traditional routine, because continuation leads to downtime, thus falling behind the fast forward or the failure (Lynch, 2000, p: 502).

### Data analysis and hypothesis testing

**The first hypothesis test:**

HO1 No statistically significant effect of business ethics (independence and objectivity, integrity, probity, fairness and transparency) to achieve competitive advantage (cost reduction, innovation and renewal) in companies

<table>
<thead>
<tr>
<th>Number</th>
<th>The term</th>
<th>Arithmetic mean</th>
<th>Standard deviation</th>
<th>Order by relevance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Impartiality and neutrality in the course of business</td>
<td>4.2000</td>
<td>0.7978</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Resistance to side effects when you do the work</td>
<td>4.2125</td>
<td>0.7867</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Avoid any relationships may appear to lose objectivity and</td>
<td>4.3050</td>
<td>0.7337</td>
<td>1</td>
</tr>
</tbody>
</table>
It is inferred from table 2 that the arithmetic was (4.0377). By comparing the obtained average measurement tool used to measure this variable, it can be seen that the highest point that represents the degree of approval (+ 4), standard deviation (0.8978). According to the results, "there is a statistically significant effect of business ethics (independence and objectivity, integrity, probity, fairness and transparency) to achieve competitive advantage (cost reduction, innovation and renewal) in companies". The answers ranged between (4.3050) paragraph (3) and highest percentage of responses, this paragraph provides that "avoid any relationships may appear to lose objectivity and independence when you do." Paragraph (5), got the lowest record, averaging (3.8694), this paragraph provides that "the professional capacity to improve work and workmanship and keeping secrets".

Using multiple regression analysis the following table no. 3 shows the results obtained when testing the hypothesis.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-0.069, 0.096</td>
<td>0.897, 0.473</td>
<td>-0.719, 0.000</td>
<td></td>
</tr>
<tr>
<td>Business ethics</td>
<td>0.942, 0.023</td>
<td>40.508, 0.000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

R= 0.897  \quad R^2= 0.805

According to data in table (3) to the calculated F values for this hypothesis (40.508) is greater than the value of F indexed (1.645), so that the resolution refers to a the nihilistic premise rejected if the calculated F value is greater than the F scale, it is accepting the alternative hypothesis, which States "a statistically significant effect of business ethics (independence and objectivity, integrity, probity, fairness and transparency) to achieve competitive advantage (cost reduction, innovation and renewal) in companies", and this is confirmed by Value semantics (Sig) of zero as it is less than 5%. Note that the coefficient (Beta) was referring to the tendency of 0.897 relationship whereby between the independent variable and the dependent variable.
The second hypothesis test:
HO2 No statistically significant impact of CSR (responsibility towards the environment, responsibility towards customers, responsibility towards the local community) to achieve competitive advantage (cost reduction, innovation and renewal) in companies.

Table (4)

<table>
<thead>
<tr>
<th>Number</th>
<th>The term</th>
<th>Arithmetic mean</th>
<th>Standard deviation</th>
<th>Order by relevance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Responsibility towards the environment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Participation in environmental protection programmers</td>
<td>4.1050</td>
<td>0.9624</td>
<td>5</td>
</tr>
<tr>
<td>11</td>
<td>Linking environmental performance to the company's mission and vision</td>
<td>4.4175</td>
<td>0.7935</td>
<td>1</td>
</tr>
<tr>
<td>12</td>
<td>Beautify the surrounding area and the afforestation for conservation of the environment</td>
<td>3.8625</td>
<td>1.0228</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td><strong>Responsibility towards customers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>The company offers products at affordable prices</td>
<td>4.1525</td>
<td>0.8251</td>
<td>4</td>
</tr>
<tr>
<td>14</td>
<td>The company’s eagerness to make products easy to obtain by consumers</td>
<td>4.2125</td>
<td>0.8391</td>
<td>2</td>
</tr>
<tr>
<td>15</td>
<td>The company’s eagerness to make products safe when you use</td>
<td>3.8699</td>
<td>0.9228</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td><strong>Responsibility towards the local community</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>The company provided contributions or donations for the benefit of the community</td>
<td>4.1925</td>
<td>0.8167</td>
<td>3</td>
</tr>
<tr>
<td>17</td>
<td>Company-provided material support to religious and national events in the community</td>
<td>4.0100</td>
<td>0.9010</td>
<td>6</td>
</tr>
<tr>
<td>18</td>
<td>Funding for the enterprise community</td>
<td>3.8711</td>
<td>0.9228</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td><strong>Overall average</strong></td>
<td>4.1360</td>
<td>0.8801</td>
<td></td>
</tr>
</tbody>
</table>

The above tables show that the arithmetic total (4.1360) by comparing the obtained average measurement tool used to measure this variable indicates that more than the point represents the degree of approval (+ 4), standard deviation (0.8801). According to these results, there is a statistically significant effect for social responsibility (responsibility towards the environment, responsibility towards customers, responsibility towards the local community) to achieve competitive advantage (cost reduction, innovation and renewal) in companies. The answers ranged between (4.4175) paragraph (11) and the highest percentage of responses, this paragraph provides that "linking environmental performance to the company's mission and vision." Paragraph (12), got the lowest record, averaging (3.8694), this paragraph provides that the "beautify the surrounding area and forested to preserve the environment." Using simple regression analysis the following table 5 shows the results obtained when testing the hypothesis.
Table (5)

Multiple regression test results (Multiple Regression) to effect social responsibility

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-0.063</td>
<td>0.109</td>
<td>-0.581</td>
<td>0.562</td>
</tr>
<tr>
<td>Social responsibility</td>
<td>0.919</td>
<td>0.026</td>
<td>0.8720</td>
<td>35.482</td>
</tr>
</tbody>
</table>

R = 0.872  \quad R^2 = 0.760

According to data in table (5) to the calculated F values for this hypothesis (35.482), which is greater than the value of F indexed (1 645) as the base resolution refers to reject null hypothesis if the calculated F value is greater than the F scale, and accordingly it is accepting the alternative hypothesis, which States "a statistically significant effect for social responsibility (responsibility towards the environment, responsibility towards customers, responsibility towards the local community) to achieve competitive advantage (cost reduction, innovation) in enterprises ", and this is confirmed by value semantics (Sig) of zero as it is less than 5%. Note that the coefficient (Beta) was referring to the tendency for 0.8720 relationship whereby between the independent variable and the dependent variable.

Results dependent variable: competitive advantage

Table (6)

Arithmetic averages and deviations of the dependent variable: competitive advantage

<table>
<thead>
<tr>
<th>Number</th>
<th>The term</th>
<th>Arithmetic mean</th>
<th>Standard deviation</th>
<th>Order by relevance</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>Business ethics and social responsibility to help the company reduce costs continuously direct industrial</td>
<td>3.9500</td>
<td>0.89695</td>
<td>5</td>
</tr>
<tr>
<td>20</td>
<td>Business ethics and social responsibility to help the company reduce costs and maintenance operations</td>
<td>4.2030</td>
<td>0.81530</td>
<td>1</td>
</tr>
<tr>
<td>21</td>
<td>Business ethics and social responsibility help to develop products based on market studies</td>
<td>4.1575</td>
<td>0.88581</td>
<td>2</td>
</tr>
<tr>
<td>22</td>
<td>Business ethics and social responsibility to provide new products to simulate changing market needs</td>
<td>4.0300</td>
<td>0.83717</td>
<td>4</td>
</tr>
<tr>
<td>23</td>
<td>Business ethics and social responsibility, help in the research and development efforts for the development of its products</td>
<td>3.8975</td>
<td>0.86537</td>
<td>6</td>
</tr>
<tr>
<td>24</td>
<td>Business ethics and social responsibility help to develop products based on market studies</td>
<td>4.0509</td>
<td>0.8526</td>
<td></td>
</tr>
</tbody>
</table>

The above table Show that the arithmetic total (4.0509) comparing the obtained average measurement tool used to measure this variable indicates that more than the point represents
the degree of approval (+ 4), standard deviation (0.8526). The answers ranged between (4.2030) paragraph (21), which got the highest percentage of responses, this paragraph provides that "business ethics and social responsibility to help the company reduce costs and maintenance operations. Paragraph (23), got the lowest record, averaging (3.681), this paragraph provides that "business ethics and social responsibility, help in the research and development efforts for the development of its products.

Results

1. The results of the study showed a statistically significant effect of business ethics (independence and objectivity, integrity, probity, fairness and transparency) to achieve competitive advantage (cost reduction, innovation and renewal) in industrial companies. The results showed that companies based on business ethics is keen to avoid any relationships may appear to lose objectivity and independence when you do business, working on the resistance side effects when you do the work and thinking and impartiality in the performance of the business and, as keen on honesty and integrity and respect the balance of interests and biases in the interest of the company and the business ethics increase their professional improvement and mastery and keeping secrets, as well as showing the importance of being honest and integrity and chastity on-the-job, in addition To be fair when you do.

2. The results of the study showed a statistically significant effect for social responsibility (responsibility towards the environment, responsibility towards customers, responsibility towards the local community) to achieve competitive advantage (cost reduction, innovation and renewal) in Jordanian industrial companies. The results showed that corporate social responsibility of linking environmental performance to its mission and has engaged in environmental protection and beautification of the surrounding area and forested to preserve the environment, it turns out that companies eager to make products easy to obtain by consumers, honest products when in use and they offer products at affordable prices. As well as showing corporate contributions or donations for the benefit of the community and provides material support to religious and national events in the local community, in addition to providing funding for the community.

Recommendations

1. Develop and promote business ethics, with ethical policies and distributed across the company, and the training of staff to enhance their ability to cope with difficult ethical problems.

2. The attention of the companies with objectivity and independence and the ability to take account of the balance of interests, and the ability to work and mastery.

3. Emphasize the importance of fairness and transparency to ensure neutrality and distance from any side effects, impact on competitive advantage from the point of view of the study sample.

4. Work to find and activate the codes of ethics for the environment and commitment from everyone.

5. The companies to make products safe and risk-free when you use the products and instructions required.

6. Underlining the importance of companies with the support of civil society institutions, and increase its contribution to the establishment of educational centers, recreational and healthy.
7. The need to understand and study and analysis of the constituent elements of morality and social responsibility as one of the most important pillars to ensure the company's success and longevity, especially in view of the diversity and complexity and the complexity of its risks.

8. Work on the development of curricula (ethics) in State and private universities that teach business management.

References


OCED (2009) *Top Barriers and Drivers to SME Internationalisation*” Report by the OECD working party on SMEs and entrepreneurship.


