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ISTANBUL OKAN UNIVERSITY

INSTITUTE OF GRADUATE SCIENCE

THESIS FOR THE DEGREE OF

PhD OF BUSINESS ADMINISTRATION

IN ENGLISH BUSINESS PROGRAM

MOHAMMAD ABUAREISH

The Effect Of Corporate Governance And Corporate Social Responsibility On Competitive Advantage Through Organizational Learning

ADVISOR

Prof.Dr. UGUR YOZGAT

ISTANBUL, January 2023

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MOHAMMAD KHALED ABUAREISH

(172501004)

THE EFFECT OF CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY ON COMPETITIVE ADVANTAGE THROUGH ORGANIZATIO LEARNING

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ABSTRACT

The effect of corporate governance and corporate social responsibility on competitive advantage through organizational learning

In this thesis, the researcher proposes four relationship paths; the effect of corporate governance on competitive advantage; the effect of corporate social responsibility on competitive advantage; the mediating effect of organizational learning on the two above relationships.

In order to evaluate the relationships, the researcher used a quantitative research method in which a questionnaire is designed based on previous studies. The questionnaire included 67 Likert scale items and distributed to 325 top and middle managers working at Jordanian industrial companies registered on ASE.

Data is analyzed using SPSS. The results show that all factors of corporate governance significantly impact the competitive advantage. In contrast, the results show that only two dimensions of corporate social responsibility (public, customer, and employee orientation, and fair operation) significantly impact competitive advantage.

Moreover, the data analysis found that organizational learning partially mediates the relationship between corporate governance and competitive advantage. On the other hand, it has been found that organizational learning mediates the impact of two dimensions of corporate social responsibility (public, customer, and employee orientation, and fair operation) on competitive advantage.

The originality of this study resides on the mediating impact of organizational learning, specifically between corporate governance and competitive advantage. Based on the results, The researcher made some recommendations to managements in which using organizational learning

capabilities can enhance the influence of corporate governance on taking advantage of corporate resources.

Keywords: **Corporate Governance, Corporate Social Responsibility, Competitive Advantage, Organizational Learning**

CHAPTER 1: INTRODUCTION

1.1. Background Of The Problem

This study aims to investigate the influence of corporate governance and corporate social responsibility on competitive advantage through organizational learning at different Jordanian industrial companies listed in ASE. Autonomy, Transparency, accountability, justice, and responsibility of corporate governance assure satisfying common interests of stakeholders and maximize the profitability of organizations. Corporate governance can control the relationship between the organization and its stakeholders (e.g., shareholders, employees, competitors, customers). On the other hand, it can facilitate the monitoring behavior of the top management.

Corporate social responsibility (CSR) is another independent variable in this thesis. This concept has started to appear in industries since the eighties. Its practices were volunteered by some companies, while other firms enforced to engage in its practices. However, CSR is considered a new issue in Jordanian firms, and it needs to be investigated thoroughly in which firms can engage in its practices to gain a competitive advantage and survive in the industry.

The influence of corporate governance and CSR on competitive advantage has been studied for decades, but there were no consensus results. That may be due to the lack of discussion about the variables that affect the relationship between them. Therefore, this study will consider the mediation effect of organizational learning, including several dimensions explaining this relationship. Organizational learning is the process of creating, retaining, and transferring knowledge within an organization. This study proposes that engaging in corporate social responsibility, corporate governance, and organizational learning will influence the organizational competitive advantage, helping to survive and compete adequately.

Measuring these relationships will be achieved using a questionnaire based on previous studies. The questionnaire will be distributed to the top and middle managers working at the industrial companies of Jordan. The answered questionnaire will be entered into the SPSS program and analyzed using the multiple regression analysis techniques. The following sections include the problem statement, the study's model, the hypotheses, and the study's concepts' operational definitions.

Regarding the structure of this thesis, chapter two includes the literature review of the study variables (corporate governance, corporate social responsibility, competitive advantage, and organizational learning). Based on previous studies, the researcher discussed how the study's variables could be combined. The third chapter discusses the study methodology, including all information regarding the study design, the sample, and the instrument.

Chapter four consists of all analysis techniques adopted to measure the reliability and validity of the concepts, answer the study's questions, and approve the study's hypotheses. The last chapter argues the analysis's results and sets the study's conclusions, which lead to some future recommendations for theoretical and practical works.

1.2. Statement Of The Problem

The rapid changes in different factors throughout the world, such as technological development, globalization, and intensive competition, urge organizations to adopt administrative methods that might minimize the negative impact of threats and capture new opportunities. Corporate governance and corporate social responsibility are some practices embraced by organizations to make a difference.

From what was mentioned above, this study looks forward to evaluating the influence of CSR and corporate governance on competitive advantage through organizational learning by answering the following problem statement

Do corporate governance and corporate social responsibility impact competitive advantage through organizational learning?

1.3. Purpose of the Study

Corporate governance and corporate social responsibility have been applying in both developed and developing countries, as well as among academics and practitioners. It has been argued how CSR and CG affect the organizational performance and the protection issue of stakeholders’ interests. This pushed organizations, countries, and academics to delve into these concepts and their practices.

Moreover, we live today in a world where change and dynamic factors become parts of our life. Organizations are one entity that should be adapted to that change. Therefore, organizations have started searching for new competitive edges that will enable them to stay in the market and adapt to rapid changes through using information and communications technology and modern knowledge. The researcher believes that continuous learning can be a source of sustainable competitive advantage in this rapidly changing environment.

Based on the above, **this quantitative study intends to examine the effect of corporate governance and corporate social responsibility on competitive advantage through organizational learning.**

Corporate governance and corporate social responsibility have been separately studied or combined with one or two variables to find its impact. Besides, few studies investigate the effect of them on competitive advantage. Therefore, the significance of this study stems from the following considerations:

- This study is one of the essential studies that seek to find integration between corporate governance, corporate social responsibility, competitive advantage, and organizational learning in Jordanian industrial organizations. Thus, it can be a useful reference for all manufacturing companies to gain competitive positions by adopting the practices of corporate governance and corporate social responsibility.
- It may represent a new addition to the literature in the area of corporate governance since few studies are dealing with this subject in Arab countries, especially in Jordan.
- It may represent a new addition to the literature in the area of corporate social responsibility since few studies are dealing with this subject in Arab countries, especially in Jordan.
- This study may guide other researchers to do more studies that may help manufacturing organizations be more productive by applying CG and CSR practices.

In general, the researcher seeks to test the effect of CG and CSR on competitive advantage through organizational learning in manufacturing organizations of Jordan, which can be presented in different **objectives as follows**

- Identify the effect of corporate governance on the competitive advantage at the industrial organizations of Jordan.

- Identify the effect of corporate social responsibility on the competitive advantage at the industrial organizations of Jordan.

- Identify the mediating effect of organizational learning on the relationship between corporate governance and competitive advantage at the industrial organizations of Jordan.

- Identify the mediating effect of organizational learning on the relationship between corporate social responsibility and competitive advantage at the industrial organizations of Jordan.

1.4. Research Questions

Based on the above discussion, the following questions have emerged

- **What is the direct impact of corporate governance on competitive advantage in Jordanian industrial companies?**
- **What is the direct impact of CSR on competitive advantage in Jordanian industrial companies?**
- **Does organizational learning mediate the influence of corporate governance on competitive advantage in Jordanian industrial companies?**
- **Does organizational learning mediate the influence of CSR on competitive advantage in Jordanian industrial companies?**

5.1 Research Framework

The researcher developed a framework (Figure 1.1) to fill a gap of previous studies regarding the study variables (Corporate Governance, Corporate Social Responsibility, Competitive Advantage, Organizational Learning).

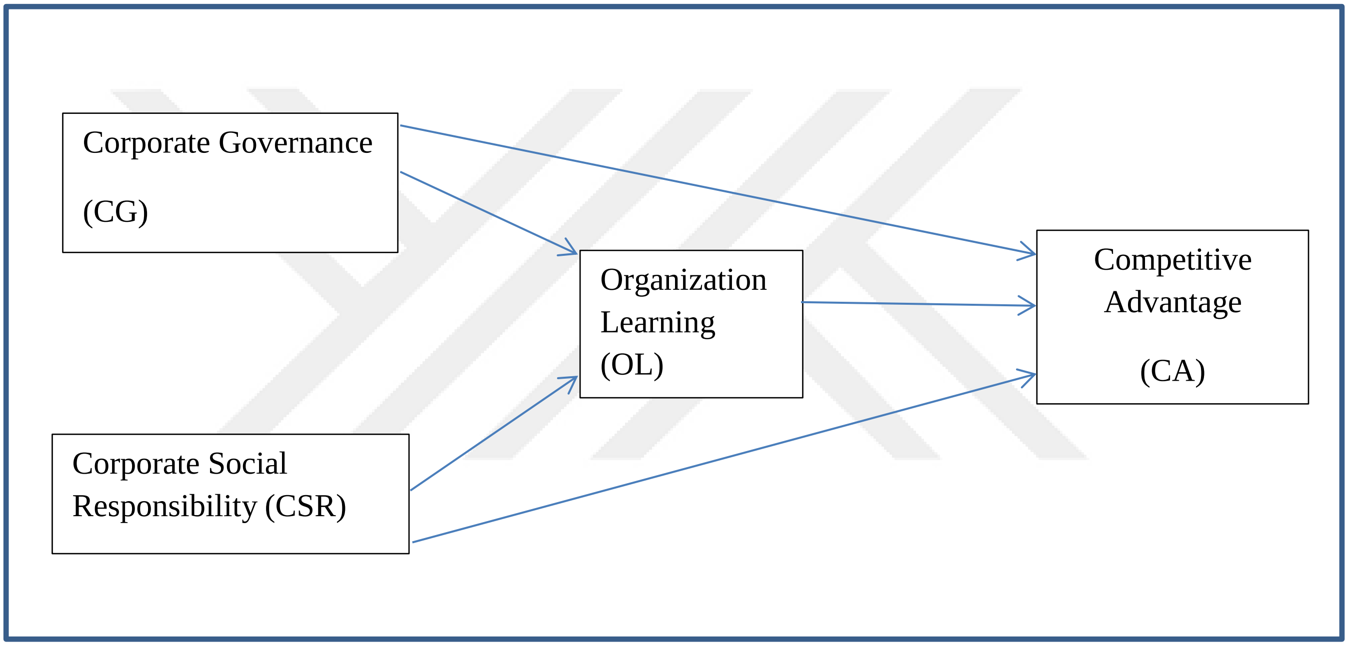

Figure.1.1. Research Model

1.5. Study Hypotheses

Based on the study model, the researcher extracted the following hypotheses:

The first main hypothesis

H1: There is a statistically significant effect of corporate governance on competitive advantage.

From this hypothesis, three sub-hypotheses are developed:

H1-1: There is a statistically significant effect of Commitment to Corporate Governance on competitive advantage.

H1-2: There is a statistically significant effect of Structure and Functioning of the Board on competitive advantage.

H1-3: There is a statistically significant effect of Transparency and Disclosure on competitive advantage.

The second main hypothesis

H2: There is a statistically significant effect of corporate social responsibility on competitive advantage.

From this hypothesis, five sub-hypotheses are developed:

H2-1: There is a statistically significant effect of Public Charities on competitive advantage.

H2-2: There is a statistically significant effect of Employee Development on competitive advantage.

H2-3: There is a statistically significant effect of Fair Operation on competitive advantage.

H2-4: There is a statistically significant effect of Environmental Protection on competitive advantage.

H2-5: There is a statistically significant effect of Customer Orientation on competitive advantage.

The third main hypothesis

H3: organizational learning mediates the relationship between corporate governance and competitive advantage.

From this hypothesis, three sub-hypotheses are developed:

H3-1: organizational learning mediates the relationship between Commitment to Corporate Governance and competitive advantage.

H3-2: organizational learning mediates the relationship between Structure and Functioning of the Board and competitive advantage.

H3-3: organizational learning mediates the relationship between Transparency and Disclosure and competitive advantage.

The fourth main hypothesis

H4: organizational learning mediates the relationship between corporate social responsibility and competitive advantage.

From this hypothesis, five sub-hypotheses are developed:

H4-1: organizational learning mediates the relationship between Public Charities and competitive advantage.

H4-2: organizational learning mediates the relationship between Employee Development and competitive advantage.

H4-3: organizational learning mediates the relationship between Fair Operation and competitive advantage.

H4-4: organizational learning mediates the relationship between Environmental Protection and competitive advantage.

H4-5: organizational learning mediates the relationship between Customer Orientation and competitive advantage.

1.6. Definitions Of Terms

All variables of this thesis are defined based on previous studies as following

1.6.1. The independent variables

This study contains two independent variables, corporate governance, and corporate social responsibility. Both of them are defined based on previous studies as following

- **Corporate Governance**

Based on several studies, Azim, Ahmed, and U-Din (2015) created a corporate governance questionnaire to find its impact on firm performance, where three dimensions are proposed to represent CG.

Azim, Ahmed, and U-Din (2015) defined corporate governance as follows

Corporate Governance: "a series of mechanisms to solve problems of interest conflicts and problems of incentives between investors and the management."

Azim, Ahmed, and U-Din's (2015) study covers all corporate governance practices applied in Jordanian industrial sector. That the reason why it is used in this study.

- **Corporate Social Responsibility**

Zhao et al., (2018) conducted a study to evaluate the effect of CSR on competitive advantage based on Maignan and Ralston (2002) in which CSR is defined as "the principles and processes adopted to minimize the firm negative impacts and maximize its positive impacts on selected stakeholders."

includes five dimensions (Public Charities, Employee Development, Fair Operation, Environmental Protection, Customer Orientation).

Zhao et al., (2018) study is adopted in this study as CSR is used to measure its affect on competitive advantage. Besides, it is widly used by researchers.

1.6.2. The dependent variable

The dependent variable of this study is competitive advantage, which is measured and defined based on the resource-based theory. This study adopts the definition of Chen and Lai (2006) as follows

Competitive advantage: "The company occupies some positions where the competitors cannot copy its successful strategy, and the company can gain sustainable benefits from this successful strategy."

Chen and Lai's (2006) study is used in this study as it is widly used in several research.

1.6.3. The mediating variable

Organizational learning is the mediating variable in this study. The author adopted the definition that was operationalized by Gomez, Lorente, and Cabrera (2005), who defined it as "the capability of an organization to process knowledge—in other words, to create, acquire, transfer, and integrate knowledge, and to modify its behavior to reflect the new cognitive situation, with a view to improving its performance."

Gomez, Lorente, and Cabrera (2005) differentiates organizational learning from learning organization. Their study integrate all practices of organizational learning.

CHAPTER 2: REVIEW OF THE THEORETICAL FRAMEWORK

2.1. Corporate Governance

2.1.1. Background

In his book, The Wealth of Nations, Adam Smith argues that the disparate interests between owners and managers lead to a severe predicament that impacts corporate performance. Smith wrote, "being the managers of other people's money rather than their own," would never watch over this money with the "same anxious vigilance with which the partners in a private copartnery frequently watch over their own." Wells (2010) argues that corporate governance was with us a long time ago since some forms of corporations allow conflicts between managers and owners. Therefore, corporate governance can be traced back to the era of setting up some companies, such as the East India Company, the Hudson's Bay Company, the Levant Company, and others established in the 16th and 17th centuries (Cheffins, 2012).

However, the corporate governance concept was not in use until the mid-1970s when The federal Securities and Exchange Commission (S.E.C.) starts to consider managerial accountability into its mission (Cheffins, 2012). In 1974, S.E.C filed a lawsuit against directors of Penn Central (Cheffins, 2012), American classI railroad, for "misrepresenting the company's financial condition under federal securities law by failing to discover a wide range of misconduct perpetrated by Penn Central executives." (Cheffins, 2012)

However, several scandals of fraud, bribery, and falsification in the U.S. corporations lead (S.E.C) to further corporate governance issues. (S.E.C) issued a report in 1976, named "frustration of the system of corporate accountability" to represent the bribery issues of U.S. corporations (Seligman, 1982: 542).

Consequently, the 1980s brought another form of corporate governance when American Law Institute (ALI) reported a new project called "the principle of corporate governance," which was supported earlier by the New York Stock Exchange (NYSE) (Cheffins, 2012). However, NYSE reviewed the first draft of that project to end up by changing its stance. Moreover, The Business Roundtable, advocates of corporations, and economic scholars opposed the corporate governance reform (Cheffins, 2012).

One of the main points recommended in the first draft of ALI's project claims that boards hire independent directors responsible for forming nominating and audit committees (Seligman, 1987). Corporate advocates were concerned about raising the liability risks of boards in case these measures are applied .

According to Wolfson (1984), Economic and law scholars claimed that this project did not consider the market forces and lacked empirical evidence. Besides, they believed that the decision making of boards would not be improved by rousing proceedings (Cheffins, 2012). However, the final version of ALI's project was published in 1994 after modifications that decrease its impact over time.

However, the 1980s, The deal Decade was represented by aggressive and innovative bids that offer a high premium to shareholders to preserve the voting system (Cheffins 2012). In response, stock sales moved from 16% in 1965 to 47% in 1987 (Useem, 1996). The growth of bids allows investors to have shares in some large companies, which could prevent them from selling out their stocks when times got tough (Cheffins, 2012)

Moreover, Kripke (1981) claimed that the engagement of shareholders in coordinating and overseeing the executives was decreasing over the decades. Schwartz (1983) stated, "most sophisticated observers" assumed "that shareholder participation is not capable of working well because of its impracticability and because of the rational indifference of shareholders to participation in corporate affairs."

Furthermore, managers of this era were reacting aggressively to the hostile takeover bids. Several strategies were applied, such as greenmail payments and poison pill strategies to hinder the hostile takeover offers (Cheffins, 2012). Reactions from the shareholders' proponents followed these behaviors; for example, Unruh and Calpers founded the Council of Institutional Investors (CII) to protect shareholders' rights (ibid). Furthermore, Robert A.G. Monks set up the

Institutional shareholder services (ISS), which is a voting services institution that helps lack-knowledged investors to vote their shares (ibid).

By the beginning of the 1990s, CII, and other pension funds institutions, with the support of some academics, watered down the rules that deter shareholders from intervening in corporate affairs (Zalecki, 1993). according to Black (1998), Cheffins (2012) argues that during the 1990s, shareholders hardly were engaging in corporate governance practices; they were spending little time in dealing with companies. Cheffins (2012) furthered that, in that period, the shareholders' right to resolve the debatable issues and receiving reports from boards were unrecognized. Furthermore, the 1980s and the early 1990s moved from the debate of corporate governance to focus more on the way of distributing the power within corporations and on the shareholder returns (Ocasio and Joseph, 2005).

In 1998, The Organization for Economic Cooperation and Development (OECD) was asked by ministers to develop a set of principles to increase the awareness of the importance of corporate governance (OECD, 1998). OECD set five principles, which are

1- The Rights Of Shareholders

One of the basic policy that must be taken into account is to facilitite the protection of the shareholders' rights, such as the ability of transfering their shares, the ability to elect the Board of Directors, the ability to obtain dividends,the right to joing and vote in a meeting of the Board, and the ability to see the financial statements. Furthermore, the essential issue that the governance rules have affirmed are the shareholders' rights to obtain the necessary information about the company on time and regularly.

2- The equitable Treatment Of Shareholders

The corporate governance ensures a fair treatment for all shareholders including all rights of of minority and foreign shareholders. Thus, all of shareholders have an equal opportunity to find an effective way to defend their rights or obtain appropriate compensation if their rights are violated.

3- The Role of Stakeholders In Corporate Governance

Stakeholders including customers, suppliers, campaign holders, lenders, workers, and others have an important attention in corporate governance framework. As they are an important party in any organizations, corporate governance framework must recognize their rights and protect them from any violations by providing them with all information related to their rights in the organization.

4- Disclosure And Transparency

A corporate governance must ensure accurate and timely disclosure of all material and matters related to the company with high transparency and reliability. These include financial information (e.g., Financial status and financial performance), strategic information (e.g., the goal, plans, and risks), information about the ownership (e.g., mergers and acquisitions), and on the application of corporate governance mechanisms information

5- The Responsibilities Of The Board

The necessity that the corporate governance framework includes the duties and responsibilities of the board of directors in the company's strategic direction, the sufficient supervision on the executives, formation of committees, and the method of selecting the member.

By 2007, banks were taking risks while the world financial systems were threatened with collapse. The worst financial crisis had been developed when the Lehman Brothers bank collapsed. The 2008's crisis pushed the world to focus on the best practices of corporate governance. Cheffins (2012) wrote: "Accordingly, during the financial crisis of 2008 and in its immediate aftermath "corporate governance" would be the term that academics, policymakers, investors and corporate executives around the world would typically deploy when analyzing issues of managerial accountability, board structure and shareholder involvement in publicly traded companies." Therefore, corporate governance became a concern that the markets need a robust framework of corporate governance, which provides shareholders the confidence with the whole system of their corporations.

2.1.2. Definitions Of Corporate Governance

Corporate governance is a broad concept that explains how an excellent relationship between the board of directors and shareholders can be established. It includes rules, processes, and policies that can direct the organization to achieve its goals. Based on the above arguments, CG was emerged because of the interest difference between the shareholders and the managers.

The conflict of interest is considered a problem in the agency theory, which is “a contractual relationship between one party (principal) engaging another party (agent) to perform a service(s) on behalf of the principal, which involves some decision-making authority being yielded to the agent.” (Jensen and Meckling, 1976). According to Bonazzi and Sardar (2007), Boston (1991), and Cole (1998), L'huillier (2014) summarized the main agency-theory problems as following

1- conflicts of interest between owners and managers;

2- asymmetries of information between owners and managers; and

3- the inability to write complete contracts for all potential future eventualities.

However, corporate governance came to specify the roles and rights of each party. Hillary Sale wrote: “The term “corporate governance” is widely used to refer to the balance of power between officers, directors, and shareholders. Academics often discuss it in regulating communications and combating agency costs where corporate officers and directors have the power to control the company. At the same time, the owners are diverse and mostly inactive shareholders. Then, good corporate governance allows for a balance between what officers and directors do and what shareholders desire. The term implies that managers have the proper incentives to work on behalf of shareholders and that shareholders are adequately informed about managers' activities (Wells, 2010).

It is defined by Shleifer and Vishny (1997) as the ways allowing the investors to guarantee their returns. Zingales (1998) states that corporate governance is “allocation of ownership, capital structure, managerial incentive schemes, takeovers, board of directors, pressure from institutional investors, product market competition, labor market competition, organizational structure, etc., can all be thought of as institutions that affect the process through which quasirents are distributed (p. 4)”. Moreover, corporate governance is ‘‘a set of mechanisms through which outside investors protect themselves against expropriation by [managers and controlling shareholders].’’ (La Porta et al.,2000).

The above definitions focused only on solving the conflicts between managers and shareholders and forgot to include other corporations’ parties, such as customers, employees, and other stakeholders. Therefore, OECD defined corporate governance as ‘‘a set of relationships between a company’s management, its board, its shareholders and other stakeholders’’ (OECD 2004). As well suggested five principles to protect and preserve the rights of all stakeholders. According to Bostan and Bostan (2010), corporate governance is "a system of rules and norms, of either institutional or market nature, within which various categories of stakeholders, shareholders, management, public administration, staff, customers, suppliers, etc. arise or develop" (Bostan and Bostan, 2010)

2.1.3. Diverse Views Of Corporate Governance

Based on reviewing previous studies, the researcher found several definitions of corporate governance based on how scholars view the organization. The following discussion is about how several theories of management view corporate governance.

Agency theory (Figure 2.1) is a promise from one party (the agent) to perform what another party (the owners) intends to achieve (Jensen and Meckling,1976). It separates the principals from their corporations’ control, which is under agents’ hands. This, in turn, increases the conflict between the two parties. This theory depicts people as rewards hunters who try to maximize their benefit regardless of the negativity that may occur to others (Hogan, 1997).

According to Althaus (1997), the principal “usually loses out on the optimality stakes, as the theory restrictively attributes opportunism to the agent.” Moreover, Darius (2011) wrote: “corporate governance problems arise due to the misalignment of interests between managers and investors because of the separation of ownership and control in a company.”

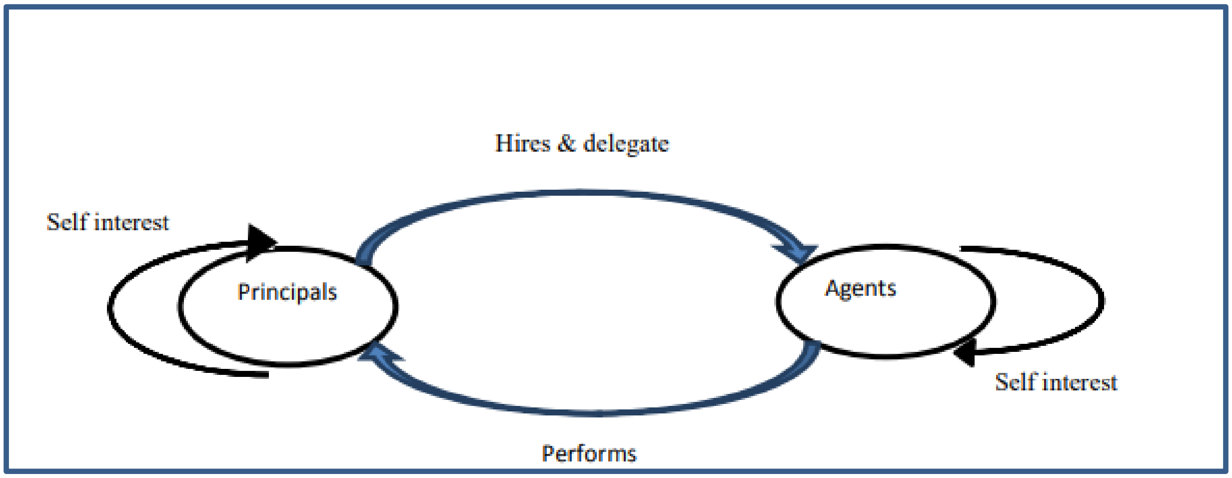

Figure.2.1. Agency Theory (Yusoff & Idris, 2012)

However, this corporate governance theory focuses on setting a governance structure that protects the shareholders' interests. This governance will prevent the contrary interests of agents and principals (Jensen and Meckling, 1976). Marie L'Huillier (2014) wrote": "The agency framework suggests that corporate governance is about creating and monitoring the mechanisms that are put in place by shareholders to control corporate insiders to maximize shareholder wealth by reducing agency loss."

Both theories, agency theory and stewardship theory, agree on the advantage of corporate governance in which it can explain the duty of corporations' agents (Huillier 2014). On the other hand, agency theory emphasized the economic aspects that motivate managers to increase their utility regardless of the interests of their principals.

Unlike the agency theory, stewardship theory (Figure 2.2) used non-financial motives, such as the need for recognition to claim that "managers are good stewards of corporations and diligently work to attain high levels of corporate profit and shareholders' returns" (Donaldson & Davis, 1994). Davis (1997) argues that managers are stewards who adjust themselves with the interests of their principals. All these discussions reside in the " model of man, " which is suggested by stewardship theorists.

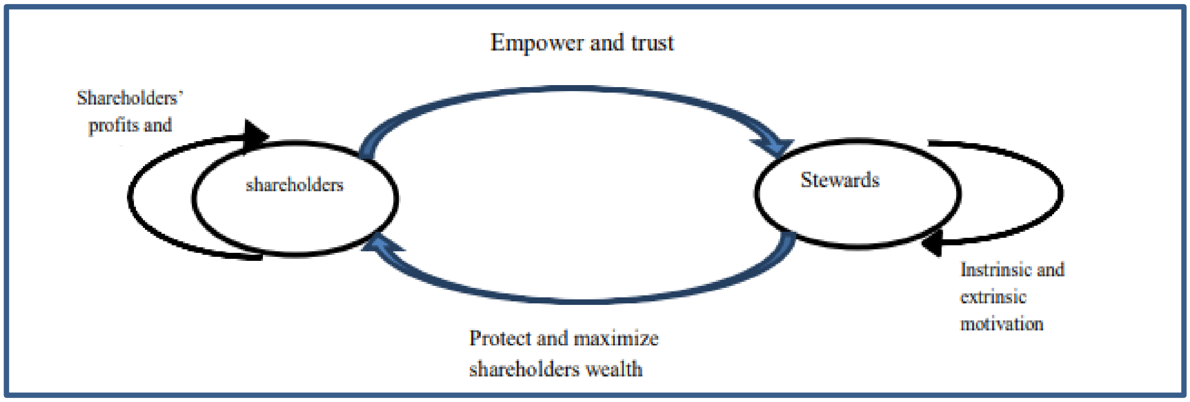

Figure.2.2. Stewardship Theory (Yusoff & Idris, 2012)

Turnbull (1997) stated that "directors having a fiduciary duty [and] that they can be trusted and will act as stewards over the resources of the company." According to Fox and Hamilton (1994), stewardship theory suggests "that managers are seeking to maximize organizational performance." Thus, there is no conflict between the interests of managers and owners.

However, corporate governance based on stewardship theory is connected with the corporations' structures. This can be inferred by Davis et al., (1997), who argues that those who meet the "model of man" are likely to be affected by whether the structural situation in which they are located facilitates effective action, but not affected by the self-interest.

Moreover, stewardship theorists claimed that the central promise of corporate governance is "to "focus not on the motivation of the CEO but rather on facilitative, empowering structures. [that] will enhance effectiveness and productivity; as a result, superior returns to shareholders" (Donaldson and Davis, 1991). Davis et al., (1997) claims that corporate governance emphasizes "structures that facilitate and empower rather than those that monitor and control."

In summary, the stewardship theory believes that managers are team-players who care about the organization's whole aspects, including the shareholders' interests. Davis, Schoorman &Donaldson (1997) state that "a steward protects and maximizes shareholders' wealth through firm performance because by so doing, the steward's utility functions are maximized." Besides, corporate governance is used to empower managers by adopting the right structure, which entitles them to use their power and authority in a way that assures high organizational returns.

The third view of corporate governance can be extracted from the stakeholder theory (Figure 2.3). According to the Stanford Research Institute, a stakeholder is defined as “those groups without whose support the organization would cease to exist” (Freeman, 1994). Moreover, Donaldson and Preston (1995) stated that “stakeholders are identified through the actual and potential harms and benefits they experience or anticipate experiencing due to the firm’s actions and inactions.” According to Hung (1998), stakeholders can be “shareholders, creditors, employees, managers, customers, suppliers, environmentalists, local communities, and the public at large.”

According to Hill and Jones (1992), stakeholder theory suggests that “whatever the magnitude of their stake, each stakeholder is a part of the nexus of implicit and explicit contracts that constitutes the firm.” Therefore, in stakeholder theory, corporate governance presumes that shareholders and employees are not the only groups to whom the organizations are responsible (Bonnafous-Boucher, 2005; Donaldson and Preston, 1995; Hung, 1998).

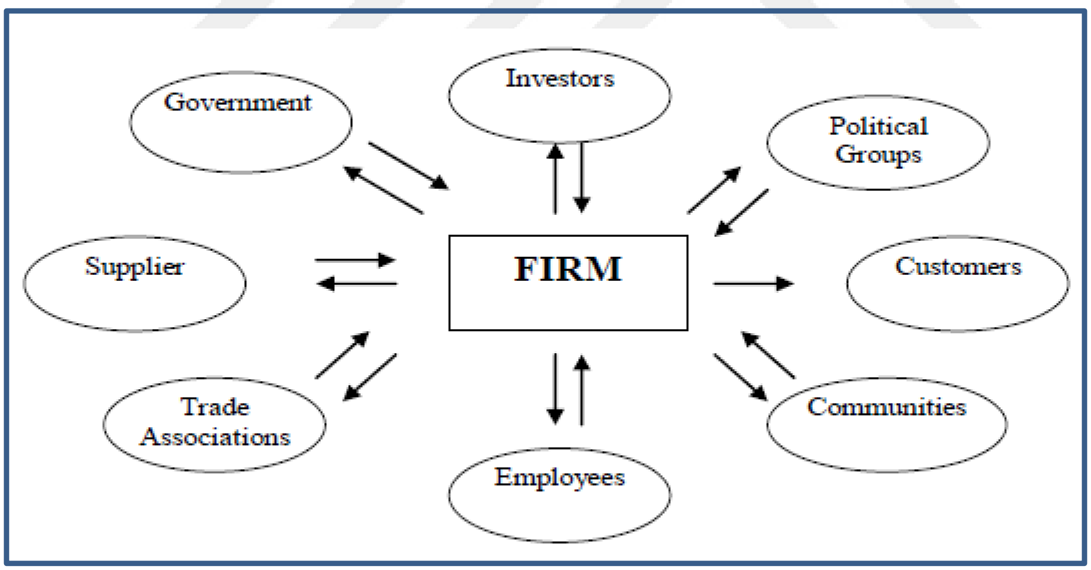

Figure.2.3. Groups Of Stakeholders (http://www.papertyari.com/general-awareness/management/theories-corporate-governance-agency-stewardship-etc/)

According to Hung (1998), the board duty, under the application of corporate governance, is to meet corporations’ goals by synchronizing all stakeholder groups' interests. Evan and Freeman (1988) stated that corporate governance could provide a “vehicle for coordinating stakeholder interests.” In general, stakeholder theorists divide corporate governance mechanisms into two categories; external governance done by shareholders; and internal governance done by other stakeholders having interests in the company.

However, using corporate governance, stakeholders can protect their rights and interests, increase information transparency, and claim their cases by the enforcement entities provided by the stakeholder perspective. L’Huillier (2014) summarized this by stating “that corporate governance, under the stakeholder theory model, is a “balancing act” that takes place because all stakeholders, including advocacy groups, are considered to have the right to be heard. Thus, the connotative meaning of “corporate governance” is the nexus of stakeholder agreement.”

Despite the advantages of stakeholder theory in applying corporate governance, some contrary views are emerged claiming that the meeting interests of shareholders have to be the primary responsibility of managers as they are the ones who put their investment at risk and may not be able to gain benefits and contractual protection as customers and other stakeholders do.

Another viewpoint of corporate governance can be extracted from the resource dependency theory. The main idea behind this theory can be summarized by what Hung (1998) stated: “Corporations depend upon one another for access to valuable resources and therefore seek to establish links in an attempt to regulate their interdependence. An interlocking directorship is one form of links in that complex chain of connections among organizations.”

Director in this theory is this “who [is] in a position to exercise major influence over the decisions and policies of these large companies” (Useem, 1980). According to Pfeffer (1972), organizations treat their directors as a means of approaching and acquiring some interdependent organizations. Pfeffer (1972) explains that this “This networking or interlocking directorship chain” (Marie L’Huillier, 2014) “involves exchanging some degree of control and privacy of information for some commitment for the continued support from the external organization.”

Pfeffer furthered that “board size and composition are not random or independent factors, but are rather, rational organizational responses to the condition of the external environment.” Moreover, Useem (1980) argues that several studies could conclude that interlocking directorship can serve as “a corporate strategy for improving (and reducing uncertainty) their sales, purchases, credit and public reputations.”

Therefore, corporate governance based on resource dependency theory is related to the organization's structure, which needs to be connected with other external structures. The board of directors can also connect an organization with its external environment (Palmer, 1983). Hung (1998) stated that "corporations depend upon one another for access to valuable resources and therefore seek to establish links in an attempt to regulate their interdependence."

Managerial harmony is another perspective, which is discussed in the previous studies. This perspective assumes that the board of directors is a means of supporting professional managers who are responsible for making strategic decisions (Mace, 1971). Besides, the governing board can help professional managers and make sure that their choices are valid (ibid).

Following the managerial harmony perspective, shareholder selects the board of directors who have been already pre-selected by the professional managers (Hung, 1998). However, regarding the corporate governance of a managerial harmony perspective, the board of directors and managers work side by side to reach the strategic decision (Mace, 1971). Therefore, directors are not entitled to involve in making decisions independently. On the other hand, professional managers will struggle to prevent any board of directors from engaging in making strategic decisions.

Drucker (1974), as cited in Hung (1998), described corporations' governance roles of the board as "cameo" roles. Marie L'Huillier (2014) explains the reason beyond this description by three points. First, the board of directors is appointed by professional managers who set the criteria for hiring. Second, those who will join the board are expected to be flexible and understand the corporations' policies. According to Marie L'Huillier (2014), the two explanations can be extracted from Mangel and Singh (1993), who states: "the CEO is likely to have assay in appointing outside directors, and thus the chosen directors are likely to be more sympathetic to the CEO's wishes."

The third reason for the "cameo" role of directors resides in the truth that the directors can provide a distinctive advantage in changing and facing the status quo (L'Huillier, 2014). Crystal (1991, p. 54), as cited in L'Huillier (2014), described the relationship in terms of compensation between managers and directors as " an incestuous relationship" where both of them decide what to pay to each other. This unclear relationship put kinds of criticism on both managers' and directors' roles. Mangel and Singh (1993) wrote: "Rather than an explicit back-scratching scheme, it is conceivable that those directors with higher retainers value their positions more and are, thus, more inclined to want to please the CEO, which represents a slightly less conscious quid pro quo arrangement."

In general, corporate governance based on managerial harmony viewpoint "refers to the arrangement, whereby boards of directors play a support/subservient role to the professional manager" (L'Huillier, 2014).

L'Huillier (2014) summarized what corporate governance points to based on the fifth perspective discussed above in table (2.1).

Table 2.1. Frameworks of Corporate Governance

Theoretical Perspective	Agency Theory	Stewardship Theory	Resource dependency Theory	Stakeholder Theory	Managerial Harmony Theory
Primary Assumption	"Managers will work towards their self-interests unless suitable policing methods are employed"	"Managers will work in the best interests of the organization and/or owners and, thus, require structures to facilitate and empower"	"Boards of directors are a linking mechanism between the organization and the business environment in which it operates"	"Boards of directors will work towards achieving corporate goals by balancing the interests of(sometimes conflicting)stake-holder groups"	"Boards of directors play a subservient role to the professional manager"
Application	"The tactic to counter agency Problems"	"The tactic to benefit organizational performance"	"Professional arrangement representing a linking system between the Board and external bodies"	"Professional arrangement representing a nexus of contracts or relationships"	"Professional arrangement representing validation procedures"
The connotative meaning of "Corporate Governance."	Implies notions of monitoring and control	Implies notions of "power and authority" metaphors	"Implies notions of critical metaphors such as "the old boy network "and" the old school tie brigade"	"Implies notions of a synchronizing forum"	"Implies notions of critical phrases such as" fictional role of directorates" and "failure to get involved."

Source: (L'Huillier, 2014)

Some researchers adopt multiple perspectives to develop corporate governance frameworks. Turnbull (1997) and Laing and Weir (1999) follow agency–stewardship theory to establish a corporate governance framework. Under this perspective, managers could have double faces in which they both behave eagerly to hunt the opportunity for their self-interests and be stewards to help organizations achieve their objectives. Others adopt Stakeholder–agency theory, such as Hill and Jones (1992), who proposed a paradigm that includes a firm's strategic behavior, the incentives structure, and the institutional contracts that manage the relationship between managers and shareholders (Hill and Jones, 1992).

However, the Multi-governance theory lacks theoretical and practical evidence, and there are inadequate studies that argue how corporate governance can be applied based on these theories.

2.1.4. Internal And External Influences On Corporate Governance

In this section, the researcher will discuss different internal and external aspects that should be considered when corporate governance is developed in corporations. Corporate governance was set up to solve some problems in organizations. Most corporations' issues take place as a result of a conflict of interests between managers and owners. Therefore, some critical internal and external corporate governance mechanisms were discussed in several research to solve those problems and enhance organizational performance.

1- Ownership Structure

The ownership structure is an indicator of the number of stockholders in an organization. Zheka (2003) classified the ownership structures into seven categories, which are Concentrated ownership, Manager Ownership, Individual Ownership, Organization Ownership, State Ownership, and Foreign and Domestic Ownership.

Concentrated ownership refers to the case where a few owners hold the majority of shares. In general, large owners can have a considerable influence on organization management and performance. When the majority of stocks belong to the organization, this will be called manager ownership. Jensen and Meckling (1976) argue that manager ownership can reduce the conflict over the monetary incentives between managers and other owners and, eventually, enhance the organization's performance.

Employee ownership occurs when employees possess a percentage of an organization's stocks. In these structures, managers can motivate employees to do their best. However, When only one person owns the whole company's stocks, this is called individual ownership. This ownership structure allows individuals to tighten control over all organizations' processes and management (Shleifer and Vishny, 1986).

According to Zheka (2003), organization ownership in which a group possesses an organization can improve the organizational performance through collecting and analyzing more information, acquiring better technology and capital, and develop a more suitable corporate governance system. On the other side, state ownership in which the government and/ or public own the organization is always known for its inefficiency compared to other ownership categories (Zheka, 2003). According to Shleifer (1998), this inefficiency is due to the low motivation of government employees to do efficient work. Zheka (2003) wrote: "Shleifer argues that the main reason for state ownership to be inefficient is the lack of incentives for government employees to maximize efficiency concerning both cost reduction and quality innovation."

Foreign ownership is the case when the control of a company is under foreign investors or foreign countries. According to Shleifer et al., 1997, domestic owners can be more competent than foreign owners in terms of protecting rights. Managers of foreign ownership can manipulate some issues such as "declaring some of their shares illegal," and "losing voting records" (Zheka, 2003).

However, the Ownership structure is an essential internal aspect of corporate governance. Several studies show how the nature of the ownership structure of organizations affects the managers' behaviors and organizational performance (e.g., Daily, Dalton and Rajagopalan (2003), Demsetz et al., 1985, NCEO, 2002). According to Demsetz (1983), the extent of ownership in a corporation can be a solution for the agency problems that emerged from the decision functions and risk management. Zheka (2003) wrote: "Ownership structures are of major importance in corporate governance because they affect the incentives of managers and thereby the efficiency of the firm."

2- Board Of Directors

Almost all organizations are headed by a board of directors, who are most likely hired by the shareholders to ensure the corporation's practical functions. Mainly, the board of directors are responsible for maintaining and growing the capital of shareholders.

It has been discussed that the board of directors can be classified into executive and non-executive. Executive directors are those who engaged in daily actions and operations of their corporation, and they have a fixed time job. On the other hand, non-executive directors are employees of other corporations. In other words, non-executive directors are more independent than executive directors.

Several studies approved that the more the independence of the directors, the more the corporate governance policies are effective. Filatotchev and Nakajima (2010) wrote that “The extent of board independence is often considered as an essential driver of ‘good’ corporate governance.” Filatotchev and Bishop (2002) claimed that independent directors are more capable of protecting the investors’ interests, hence improving the corporations’ performance.

In contrast, Bebchuk and Hamdani (2017) argue that corporations should not totally depend on independent directors to make a decision and solve the conflict. The reason behind this claim is related to the incentives that might be held by independent directors. They wrote, “In this Part, we argue that independent directors in controlled companies still have incentives to favor controllers, which undermine their effectiveness in overseeing controller conflicts. For independent directors to vet conflicted decisions well, they should have adequate incentives to do so”.

However, the effectiveness of the independent directors differs from one organization to another. Aguilera et al., (2008) argue that the contexts (e.g., organization performance and sources of power) of the organizations govern the ability of independent directors. Ramdani and van Witteloostuijn (2010) found that independent directors' effectiveness is affected by the organization's performance. It can be concluded that corporate governance policies and practices are not universal. They might vary based on the country and the organizational context.

The roles of the board of directors are mentioned in several studies (e.g., Ganac (2014), Roach (2008), Jan & Sangmi (2016)) and summarized as follows

1- setting the purpose of the company

2- setting the daily actions which have to be achieved

3- setting the corporations' strategies

4- hiring, promoting, and compensating executives

5- evaluating and monitoring the implementation of plans and strategies.

6- regular communication with executives to make sure maintaining the shareholder interests

7- information transparency and disclosure

8- balancing the relationships with the supply chain and customers.

Regarding the board's responsibilities in corporate governance, the literature reviewed three types of committees (Board committees) working with each other to align the relationships between investors and executive managers. These committees are Nomination, Compensation, and Audit, which are first defined by Kesner (1988). Nowadays, other committees can be related to technology, corporate social responsibility, …etc. However, Each one of these committees has specific roles that ensure embracing effective corporate governance. For example, the Audit Committee is responsible for the financial information where should be listed and transparent (Kaczmarek and Nyuur, 2016). The compensation committee should be able to provide a compensation plan for executives and defines the employment conditions of management (Kaczmarek and Nyuur, 2016). The Nomination committee's roles are limited to enhancing the criteria of selecting the executives, reviewing and evaluating the board's performance, the corporation's code of ethics, and the principles of corporate governance (Kaczmarek and Nyuur, 2016).

3- Organizational Leadership

It has been argued that leaders are those who could influence others to achieve organizational objectives. Mullins (2005) argues that leadership is the ability to affect and convince employees to do whatever has been told to them to do.

The success of applying corporate governance requires accountable leaders able to empower people and encourage the entrepreneurial activities that increase the wealth of organizations (Filatotchev and Nakajima, 2010). Under this argument, Filatotchev and Nakajima mentioned two papers: “Leaders empowering behaviour: the leader’s perspective” and “Your place or mine? Organizational identification and comfort as mediators of the relationship between the managerial control of workspace and employees’ satisfaction and well-being”.

Both of these papers focus on the delegation leaders who empower their followers to optimize organizational performance. The delegation extends to some minor issues such as work design and working area arrangement. However, the papers recommended some future works regarding leaders' accountability, which is considered a part of corporate governance practices (ibid). Moreover, the studies’ results emphasize the importance of the relationship between shareholders, directors, and leaders to reach the optimal strategic decision. In conclusion, the papers found out that leadership styles contribute to corporate governance practices that affect several human resource sides, such as satisfaction, empowerment, commitment, and organizational identification.

Several studies discussed how Leadership practices and styles can affect the organizational culture that also impacts corporate governance's success within corporations. Organizational culture can reform the behaviors or employees in a way that assures embedding corporate governance into the whole system. Therefore, leadership style must be considered in developing the entities of corporate governance.

4- Internationalization

Besides the corporate governance mechanisms that deal with the internal conflicts between internal members of organizations such as stakeholders and directors, several other mechanisms manage the relationships with outside stockholders (e.g., suppliers, customers)

Organizations that work globally face complex challenges that require adopting more restrictive coordination rules and spending more effort in arranging the aggregate information and relationship diversity. Several studies asserted the importance of effective corporate governance in the success of the multinational organizations that run under very high competitive markets and need to integrate between markets, products, and geography.

According to Sanders and Carpenter (1998), internationalization increases the complexity of the organization's work processes, which in turn affects the arrangements and the rules of corporate governance. They furthered that international corporations would increase the size of their board of directors, separate the CEO position from the board, increase the CEO compensation, include more members in the top teams, and join more outsiders to their board.

Similarly, Khoo et al., (2003) apply the same procedures of Sanders and Carpenter (1998) in 61 Australian firms. The finding did not support similar results. They found that only (outside non-executive directors) technique of CG is needed to deal with the complexity of internationalization.

However, the above two studies are the most critical studies investigating the relationship between internationalization and corporate governance.

2.1.5. Corporate Governance In Jordan

In 1999, the Amman Stock Exchange (ASE) institution was established to operate, manage, and develop the inside and outside activities related to the securities and commodities.

The corporate governance rules guide issued by the ASE has confirmed that the implementation of corporate governance rules and foundations has become a slogan adopted by the public and private sectors and evidence of fair and transparent policies protecting investors and customers.

Moreover, The Jordan Securities Commission (JSC), established in 1997, organizes, monitors, and supervises the commercial operations of the Amman Stock Exchange. Besides, JSC has decided to start applying the corporate governance rules through a method (Comply or Explain) in which a company explains the reason for non-compliance. However, JSC, in 2020, issued an obligatory guide for all companies listed in the ASE.

However, the corporate governance regulations in Jordan are based on the principles set by the OECD, taking into account some regulations of the securities law and companies' rules. The corporate governance rules listed in ASE are divided into four sections regarding the board of directors, the rights of stockholders, disclosure and transparency, and general authority meetings.

1- Corporate Governance related to the Board of Directors

a- The company shall be managed by a board of directors of not less than five and not more than thirteen and are elected according to the cumulative voting method.

b- The majority of the Board of Directors must be non-executive members.

c- At least one-third of the Board of Directors must be independent members.

d- The Board of Directors manages the company for four years commencing from the date of its election.

e- The board of directors is represented by an ordinary person elected by the board.

f- The board of directors represents all stockholders and must exert the necessary professional care in managing the company.

g- It is not permissible to combine the position of Chairman of the Board of Directors with any other executive position in the company.

h- The board members must be qualified and have sufficient experience and knowledge in administrative matters and to be familiar with the relevant legislation related to the rights and duties of the board.

i- Board members should attend training courses on the principles and applications of corporate governance.

j- It is not allowed for a member in a board to be a member of another board of directors of a similar or competing company.

k- It is not permissible for a company to provide any kind of loan to the chairman of the Board of Directors or any of the board members. Banks and financial companies are excluded from this condition.

l- The company must provide all members of the board of directors with all information that enables them to do their job and be familiar with all aspects related to the company's work.

m- The Board of Directors may seek the assistance of an external consultant at the expense of the company, subject to the majority approval Board of Directors.

2- Corporate Governance related to the rights of stockholders

The company has to guarantee the rights of the stockholders to implement the company's obligations, preserve their rights, and obtain reliable, sufficient, and relevant information in a regular manner and on time.

3- Corporate Governance related to the disclosure and transparency

a- The company establishes written work procedures following the disclosure policy approved by the Board of Directors to organize the affairs of information disclosure and follow up its application.

b- The company must provide the disclosure information, such as the Periodic reports, Material information, to shareholders and investors in a precise and transparent manner and at specified times to make their decisions.

c- The company must organize its accounts and prepare its financial statements under the International Financial Reporting Standard (IFRS).

d- The company should use its website to enhance disclosure, transparency, and provision of information.

e- The company should disclose its policies and programs towards the local community and the environment.

4- Corporate Governance related to the general authority meeting a- The company's general authority holds an ordinary meeting at least once every year, provided that this meeting is held within the four months following the end of the company's fiscal year, and the company's general assembly may hold an extraordinary meeting at any time following the legislation.

b- The Board of Directors invites the general authority and each shareholder to attend the general authority meeting.

c- No new topic should be included during the general authority meeting that was not included in the general authority's agenda that is previously sent to the shareholders.

d- The shareholder who wishes to run for the board of directors' membership must provide the company with an introductory profile Before the company's fiscal year ends.

e- The shareholder may appoint another shareholder on his behalf to attend the meeting of the General Assembly.

f- The general assembly meeting is headed by the chairmen of the boards or their deputy in the case of his absence or whoever is delegated by the board of directors in their absence.

e- The general assembly meeting must be managed in a manner that allows shareholders to participate actively, such as expressing their opinions freely.

2.2. Corporate Social Responsibility (CSR)

2.2.1. History

According to Carroll (2008), the concept of corporate social responsibility can be traced back to the second industrial revolution era, particularly in 1950. Patrick Murphy in University of Michigan Business Review, 1978, argues that the practices of CSR can be categorized into four eras: 1- the philanthropic era which extends up to the 1950s and focus on providing charities, 2- The awareness era which extends from 1953 to 1967; it is recognized by engaging the companies in all community affairs, 3- The period era or issue era extends from 1968 to 1973; companies focus on specific issues such as, pollution problem, 4- The last era is the responsiveness,1974 till now, where CSR intervene the management and organization actions and strategies (Carroll, 2008).

Moreover, Katsoulakos. P, Koutsodimou.M, Matraga. A, Williams. L (2004) divided the evolution of CSR into three phases named: CSR initiation phase (1960-1990), CSR momentum-building phase (1990-2000), and Mainstreaming initiation phase (2000 onwards). However, the following are the chronological works related to CSR starting from the 1950s till now.

The father of CSR, Howard R. Bowen (1953), published a book named “Social Responsibilities of the Businessman,” which mainly focuses on how firms' actions can influence people's lives in different ways. Bowen claims that social responsibility is not a remedy for all firms’ social problems, but a lead that thrives businesses in the future. Moreover, Bowen (1953) defined social responsibility as “The obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society’’.

In line with Bowen, Peter Drucker (1954), in his book “The Practice of Management,” assumes that public responsibility is one of the eight practices that firms must consider (Moura-Leite and Padgett, 2011). Drucker stated: ‘‘it has to consider whether the action is likely to promote the public good, to advance the basic beliefs of our society, to contribute to its stability, strength, and harmony’’ (Moura-Leite and Padgett, 2011).

However, Carroll (2008) argued that the 1950s period has a lack of linking the CSR with business benefits. It was all about philanthropy. During the 1960s, the literature of CSR definitions and its importance to the firms and society was spread (e.g., Frederick (1960), Davis (1960), Friedman (1962), McGuire (1963), Davis (1967), Heald (1970)) (Moura-Leite and Padgett, 2011). According to Frederick (1960), CSR is related to public awareness where the economic and human resources are not restricted to private individuals and firms. Moreover, Davis (1960) argues that some businessmen's decisions include their social responsibility (Moura-Leite and Padgett 2011). McGuire (1963) argues that CSR pushes organizations to do good things for society, extending beyond their legal and economic obligations (Moura-Leite and Padgett 2011). On the other hand, Friedman (1962) claims that CSR practices can be violated when firms deny profit maximization. He wrote: "few trends would so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their shareholders as they possibly can" (Friedman, 1962, p. 133). Furthermore, Heald (1970) argued that socially responsible business adopts several ideas, such as "philanthropy, customer relations, employee improvements, and stockholder relations" (Moura-Leite and Padgett, 2011).

However, lee (2008) argues that CSR research during the late 1950s and 1960s focus on the macro-social level without arguing the link between the social responsibility and the financial issues of corporations. Moura-Leite and Padgett (2011) stated that "This relationship was begun to be examined by many academics in the 1970s, and is still a focus of attention today, since it has not yet been explained completely."

During the 1970s and 1980s, several researchers contribute to the literature on CSR. Friedman(1970) added some aspects to the CSR, such as free-market rules, laws, and ethical traditions ((Moura-Leite and Padgett, 2011). Also, he argued that the social activities of firms are only accepted if they are compatible with the firm's financial interests (Moura-Leite and Padgett,2011). Davis (1973) emphasized the importance of firms to use their social power. Ackerman. R (1973) concentrates on managing the social aspects of organizations through their internal structures and capabilities. Bowman and Haire (1975) tried to understand CSR and the topics that reside in it, such as corporate responsibility, social responsibility, social action, public service, corporate citizenship, public responsibility, and social responsiveness. Similarly, Holmes

(1976) asked executives to answer several statements that express the extent to which they agree or disagree with CSR outcomes (Carroll, 2008).

Fitch (1976) claimed that firms need to figure out and solve social problems. Carroll (1979) defined CSR based on economic, legal, ethical, and expectation. He defined CSR as ‘‘The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time’’. The economic aspect suggests that firms produce goods and services for their customers in order to earn a profit. At the same time, firms follow the law, representing the legal part of Carroll's definition. The ethical aspect assumes that firms act based on the ethical norms of society. The last aspect indicates that firms do some voluntary actions which are not expected by the community.

However, during the 1980s, different concepts emerged from CSR, such as "corporate social responsiveness, corporate social performance, corporate citizenship, public policy, business ethics, and stakeholder theory/management" (Moura-Leite and Padgett,2011). According to Carroll (1999), the article of Thomas M. Jones (1980) was essential in which he focused on the process of CSR implementation by emphasizing the inputs of decision making rather than outcomes and by discussing how the decisions of CSR can affect the CSR behaviors.

Moreover, Preston and J.E. (1981) suggested "the public liability" construct to stress the importance of the public opinion, which should be considered instead of an individual or a group opinion. They also argued that organizations are not responsible for solving the whole social problems, but they are required to take into account the results of their actions.

Furthermore, Drucker (1984) revised his research in (1954) to conclude that CSR can serve as an opportunity for organizations to enhance their financial conditions. In the same year, Cochran and Wood (1984) deduced a significant relationship between social and financial aspects. Moreover, Freeman (1984) published his popular book: "Strategic Management: A Stakeholder Approach." whereas stakeholders are defined as "any group or individual who can affect or is affected by the achievement of the organization's objectives." In his book, he argues that organizations have to be ethical not only towards their shareholders but also towards their stakeholders such as customers, employees, and government through developing and committing to their code of ethics.

Moreover, Wartick and Cochran (1985) emphasized Carroll's (1979) work, which includes three components of corporate social performance; ethical, social responsiveness, and social issues. They claimed that these components should be thought of as principle, process, and policy, respectively. Epstein. M (1987) developed the ‘‘corporate social policy process’’ that constitutes “social responsibility, responsiveness, and business ethics.”

Moura-Leite and Padgett (2011) summarized the era of 1980s by stating that “In the 1980s, the core concerns of CSR began to be recast into alternative concepts, theories or models, and researchers found that economic and social interests within organizations came closer and became much more responsive but could not yet be tightly coupled together.” (Lee 2008). Besides this period, the era of the 1990s had a quietly similar contribution to the CSR. Carroll (2008) wrote: “it should be observed that very few unique contributions to the concept of CSR occurred in the 1990s. More than anything else, the CSR concept served as the base-point, building block, or point-of-departure for other complementary concepts and themes, many of which embraced CSR thinking and were quite compatible with CSR”. Some of these concepts were corporate social performance (CSP), stakeholder theory, business ethics, sustainability, and corporate citizenship (Carroll, 2008).

However, the most crucial contribution to CSR in the 1990s was establishing the Business for Social Responsibility (BSR) company in which CSR intervened the world of business practices (Carroll, 2008). According to Carroll (2008), BSR could include several aspects into the CSR definition, such as “business ethics, community investment, environment, governance and accountability, human rights, the marketplace, and the workplace.” Moreover, through their CSR view, we could use multiple concepts (e.g., business ethics, corporate citizenship, corporate accountability, and sustainability) to express the CSR (Carroll,2008).

The twentieth century has seen a sincere interest in social responsibility and all related topics. According to Vogel (2005), this interest focus on the relationship between CSR and the organizations' performance. The assumption is also approved by Carroll and Shabana (2010), who claimed that the importance of CSR in the 2000s is ‘‘doing good to do well’’ which cannot be done with the absence of integrating institutional supports and large markets. Figure (2.4) shows the chronological escalation of CSR. However, this study will attempt to disclose all research related to the relationship between CSR and competitive advantage.

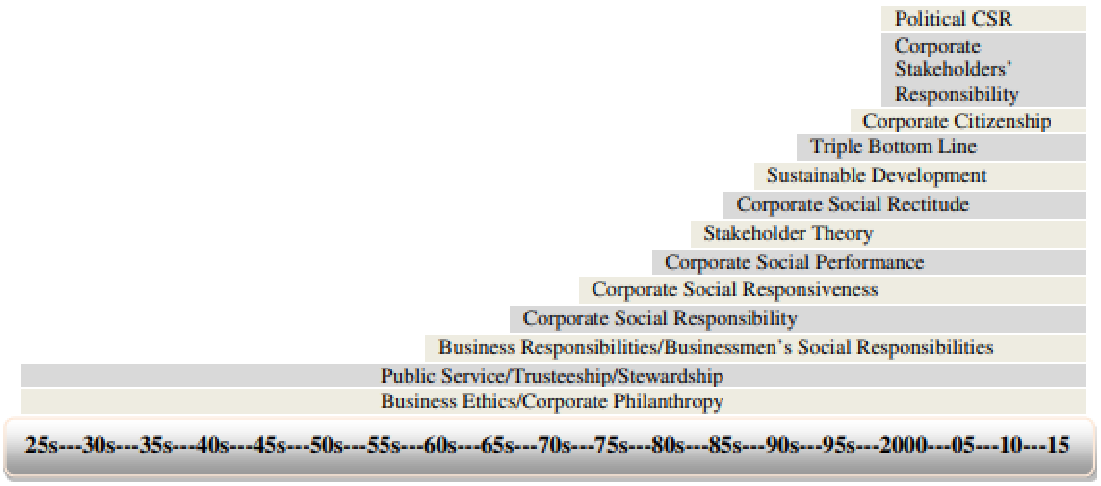

Figure.2.4. Chronological development of the CSR concept (Masoud, 2017)

2.2.2. Corporate Social Responsibility Definitions

The number of CSR definitions in literature is uncountable (Swaen & Chumpitaz, 2008). According to (Carroll, 1999), CSR can be defined using 25 ways, which makes finding one common definition impossible. However, the well-known definition of the concept belongs to Carroll (1979), who defined it as “The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time” (p. 500).

Some researchers assume that CSR is a voluntary action conducted by a company. For example, Kotler & Lee (2005) defined the concept as “ a company’s commitment to implement discretionary initiatives and increase access to medicine resulting in improving its community’s welfare.” Moreover, McWilliams & Siegel (2001) proposed that CSR “represents corporate actions that improve society’s welfare above and beyond the company’s self-interests or legal obligations.” Pinney (2001) took only the social dimension of CSR when he defined it as “a set of management practices that ensure the company minimizes the negative impacts of its operations on society while maximizing its positive impacts.” Also, Piacentini et al., (2000) stated that CSR “is the voluntary assumption by companies of responsibilities beyond purely economic and legal responsibilities.”

In contrast, some researchers argue that CSR is an obligation that benefits both parties (corporations and society). Based on this view, Carroll (1979) defined CSR as "the economic, legal, ethical, and discretionary expectations that society has of a company." A similar definition was developed by Maignan, Ferrell, & Hult (1999) by stating that CSR "is a process in which companies assume the economic, legal, ethical, and discretionary responsibilities that stakeholders have imposed on its corporate actions." Marsden (2001) stated that "A socially responsible corporation is one that runs a profitable business that takes account of all the positive and negative environmental, social and economic effects it has on society."

The last view of CSR assumes that organizations are socially responsible as long as their actions meet some groups' needs. For example, Friedman (1962) described CSR as "a mechanism of using resources and implementing activities directed exclusively to maximize profits for a firm, as long as the firm obeys the government's rules and regulations."

However, most of the CSR definitions focus on the firms' voluntary actions that go beyond economic and legal obligations (Swaen & Chumpitaz, 2008). Based on discussing thirty seven explanations of CSR, Dahlsrud (2008) inferred that gaining profits requires taking into account several actions such as meeting the interests of both shareholders and all stakeholders, committing to standard business ethics, protecting the environment, and contributing to the community. Table (2.2) summarized some definitions of CSR

Table 2.2. Definitions Of CSR

Source	Definition
(Bowen, 1953)	"the obligations of businesspeople to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society."

(Carroll, 1999)	"The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time."
Kotler & Lee (2005)	"a company's commitment to implement discretionary initiatives and increase access to medicine resulting in improving its community's welfare."
McWilliams & Siegel (2001)	"represents corporate actions that improve society's welfare above and beyond the company's interests or legal obligations."
Pinney (2001)	"as a set of management practices that ensure the company minimizes the negative impacts of its operations on society while maximizing its positive impacts."
Piacentini et al., (2000)	"is the voluntary assumption by companies of responsibilities beyond purely economic and legal responsibilities."
Maignan, Ferrell, & Hult (1999)	"a process in which companies assume the economic, legal, ethical, and discretionary responsibilities that stakeholders have imposed on its corporate actions."
Marsden, 2001	"Is about the core behaviour of companies and the responsibility for their total impact on the societies in which they operate."
Woodward-Clyde, 1999	"a 'contract' between society and business wherein a community grants a company a license to operate, and in return, the matter meets certain obligations and behaves in an acceptable manner."
Foran, 2001	"the set of practices and behaviors that firms adopt towards their labor force, towards the environment in which their operations are embedded, towards authority and towards civil society."

Van Marrewijk, 2003	"company activities – voluntary by Stakeholder definition – demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders."

Source: Developed By the Researcher

2.2.3. CSR Models

2.2.3.1. Stakeholder theory

Before reviewing the CSR models, it is vital to shedding light on Stakeholder theory, which is frequently referred to the CSR theories. The theory was developed by Freeman (1984), who criticized Friedman's view that organizations are only responsible for maximizing shareholders' value without concerning the ethical and legal issues. Freeman instead argues that firms are responsible for all stakeholders who are defined as any group or individual ''who can affect, or is affected by, the achievement of the organization's objectives'' (Freeman, 1984, p. 46). Freeman wrote that ''businesses and the executives who manage them, actually do and should create value for customers, suppliers, employees, communities, and financiers (or shareholders)'' (Stieb, 2009).

To defend his argument, Freeman explained that organizations' jobs could not be fulfilled without building contracts with groups rather than stockholders, such as customers, employees, suppliers, and government. Moreover, he criticized the notion that the free-market does not require an intervention by the government. Therefore, stakeholder theory ensures that firms' actions toward their stakeholders are legal. Furthermore, Freeman claimed that the economic perspective does not consider the damage of what he called "Externalities" in which shutting down a firm may have a negative effect on laying off employees, owners who may lose their surrounding business, and on all public facilities that are funded by the tax payment. Thus, traditional models do not take into account any obligation to those groups.

However, stakeholder theory was criticized by researchers such as Stieb (2009), who argued that stakeholder theory was asking more than giving answers on the ways by which a firm can implement for social obligations. Stieb furthers that Freeman did not explain how powers can be distributed among stakeholders. Moreover, the main concern of Stieb was that Freeman suggested redistributing the wealth by transferring it from the shareholders to the stakeholders in which he states that “A theory that refocuses decision-making power and the benefits of labour from those who invest money (stockholder) to any group or individual who can affect or is affected by the achievement of the activities of an organization (stakeholders) is open to abuse .. ……..Redistribution of wealth abuses those who merit their earnings” (Stieb, 2009).

2.2.3.2.The pyramid of CSR

Despite all criticism of stakeholder theory, it was a way to develop the early model of CSR. The model was developed by Carroll (1979), who also revised it in 1991. It is well-known as the Pyramid Model (Figure 2.5). The model emphasizes four dimensions (economic, legal, ethical, and philanthropic) that firms need to consider to become socially responsible, while the first tier in this pyramid is the economic dimension.

Carroll argued that creating profit should be the priority by which the organizations satisfy their shareholders. On the other hand, other responsibilities can be achieved once the economic value of shareholders is met. The second tire represents the legal responsibilities where organizations submit to governmental laws and regulations in order to legitimize their practices. Ethical responsibilities are placed in the third layer to imply that organizations do the right things toward all stakeholders and avoid any harm. The last tier refers to the philanthropic responsibilities in which organizations do good things for the community to approve its citizenship.

Figure. 2.5. CSR pyramid (Carroll,1979)

Despite the considerable acceptance of the CSR pyramid model, it has been widely criticized. For instance, Campbell (2007) argues that the weak corporations that suffer in lacking several resources are unable to be involved in social responsibility practices through this model. Moreover, Campbell argues that the pyramid model is not enough to understand the complex relations between business, society, and the environment. Furthermore, Elkington (1994) argued that the model emphasized economic and ethical obligations while it underestimates the importance of environmental protection. Clarkson (1999) described the pyramid model as complex, difficult to be tested, and failure to present methods of gathering, organizing, and testing corporate data (Masoud, 2017).

2.2.3.3.Other CSR models

However, Carroll's model inspired researchers to delve into the missing points of the Pyramid model and develop new models. In 1994, John Elkington developed the three bottom line framework, which is also known as three pillars. According to this framework, corporations need to be responsible for three contexts: economic, social, and environmental responsibility. Therefore, companies that care about these three pillars will deserve the title of "Sustainability." Based on Elikngton's framework, Marsden and Andriof (1998) developed their CSR model "Ripple Effect" by adding ethical and human resource practices to the three pillars. The model is also criticized by claiming that it does not explain what to do and what the role of green technology and environmental preservation is (Masoud, 2017).

Moreover, Aras and Crowther (2009) developed the "model of sustainable development" (Figure 2.6) by which corporations can adopt four practices: economic activity, conserving the environment, ensuring social justice, and developing spiritual and cultural values to achieve sustainability.

Visser (2010) criticized this model by stating that "It is still not a model that could enable a truly successful implementation of CSR." On the other hand, Visser (2010) proposed his own model called "CSR 2.0," which includes five principles: Creativity, Scalability, Responsiveness, Glocality, and Circularity. His model was criticized by Claydon (2011), who claimed that the CSR 2.0 model has only emphasized profit rather than environmental conservation and that it does not provide any implementation tool for managers.

Figure.2.6. The sustainable development model (Aras and Crowther, 2009)

Kaman (2015) summarized the contemporary models of CSR into a table which can be shown in Table (2.3)

Table 2.3. Patterns of contemporary CSR models

No	Author	Model	Description (Summary)
1	Marsden and Andriof (1998)	Ripple Effect Model	"This model expands on the concept of Triple Bottom Line by adding ethical and human resource practices to the three goals of economic, social, and environmental health (Elkington, 1997). However, many of these areas are not separated by strict boundaries. 'Environmental' concerns can be addressed through internal measures such as energy and waste policies and external concerns such as product lifecycle, emissions and overall sustainable development. Again, the model does not explore in detail 'what to do' and 'how to understand' the process of green technology towards environment preservation. While ethical investigation was once considered 'quaint', it now demands more attention and respect as it captures a larger share of the market and often offers enviable returns (Kennedy, 2001)."
2	Aras and Crowther	Model of Sustainable	"To achieve sustainable development it is necessary to achieve sustainability and this can be achieved by four actions: maintaining economic activity as

	(2009)	Development	this is the raison d'etre of the company (Friedman 1970); conserving the environment as this is essential for the maintenance of future generations; ensuring social justice which includes elimination of poverty and ensuring of human rights; and developing spiritual and cultural values, where the corporate and societal values are aligned with in the individual. However, the 'Model of Sustainable Development' also brings a broad view of CSR practices without pointing out specifically 'what to be done' to ensure the environmental protection and sustainability."
3	Visser (2010)	CSR 2.0 Model	"Visser proposed CSR 2.0 model, which is about designing and adopting an inherently sustainable and responsible business model, supported by a reformed financial and economic system. Clearly, he was most concerned with profit motive to ensure the viability of the model rather than environmental conservation as the main priority."
4	Kanji and Chopra (2010)	Kanji–Chopra Corporate Social Responsibility Model (KCCSRM)	"In the Kanji–Chopra (2010) corporate social responsibility model (KCCSRM) the organisational strategic planning systems provide the foundation for social accountability and investment, environment protection and sustainability, corporate governance and economic responsibility and ethics and human resources. The central objective of the model is to support corporate's financial performance precisely on profit motive. Again, environmental sustainability is only a part of the elements towards business sustainability."
5	Chen (2011)	CSR model with best goodnessof-fit	"Chen (2011) presented a procedure for identifying a CSR model with best goodness-offit. He constructed a model of which CSR is mainly influenced by four components: accountability, transparency, competitiveness and responsibility. He also suggested qualitative approach to complement his findings and additional insights. However, the study did not include environmental perspective as one of the components."
6	Ketola (2008)	CR-model	"Ketola (2008) built a CR-model by integrating utilitarian/egoistic, duty/rights/justice and virtue ethical corporate values with increased consciousness of psychological defences in corporate discourses, in order to achieve responsible environmental, social and economic corporate actions. The CR-model can be tested in companies and executed through corporate strategic and operational management. She also added that corporate responsibility (CR) has become so critical to the well-being of humans and nature that it needs to be closely scrutinized. However the model does not integrate the element of green practice to sustain the present business."
7	Daza (2009)	Analytical	"Daza (2009) developed an analytical model to appraise and measure

		Model	corporate social responsibility (CSR). The utility function, which is the basis of a company's economic dimension, is analysed in its philosophical and ethical setting, concentrating largely on the Utilitarian and Hedonistic schools and a maximizing agent. The resulting approach permits an analytical explanation of the behaviour of a company and its owners when incorporating both economic rationality and social responsibility. However, this quantitative study did not consider an environmental element as part of CSR contribution to society."
8	Meehan and Richard (2006)	3CSR model	"Meehan and Richard (2006) developed a model that bridges the gap between CSR definitions and strategy and offers guidance to managers on how to connect socially committed organisations with the growing numbers of ethically aware consumers to simultaneously achieve economic and social objectives. This study offers a critical evaluation of the theoretical foundations of corporate responsibility (CR) and proposes a new strategic approach to CR, which seeks to overcome the limitations of normative definitions. To address this issue, the authors proposed a new "processual model of CR", which they referred to as the 3CSR model. However the study did not integrate the environmental objectives into the organization's activities."
9	Delai and Takahashi (2011)	Reference Model	"Delai and Takahashi (2011) developed a model to measure corporate sustainability (economic, social and environment) that can be used by organizations to integrate sustainability measures into their current performance measurement system, helping them to embed sustainability into daily activities and to forge a sustainability culture. The research found that there was no single initiative that tackles all sustainability issues and no consensus around what should be measured and how. Academics will find the model useful in their research efforts since it presents a broad review of sustainability concepts as well as an analysis of the strengths and shortcomings of each sustainability initiative focused especially in the environmental perspective."
10	Bilgin, M. (2009)	PEARL Model	"Bilgin (2009) formulated institutional virtues according to sustainable development (SD) criteria to come up with a paradigmatic set of corporate principles. His model aims to answer how a corporation might obtain competitive advantage by combining ''going ethical'' with ''going green.'' The PEARL model may be implemented as a proactive positioning to gain competitive advantage because transformation of this model into corporate strategy does not only respond to ''stakeholder'' claims, but also meets the

			changing characteristic of ‘‘societal demands”. His findings challenged the conventional belief that social and environmental responsibilities mostly create costs and do not contribute to the corporations’ benefit at desirable levels. PEARL responds to shareholder concerns, public demands, and academic standards by offering a framework for concerned activities including environment, locality, social responsibility, governance, cultural freedom, and perception friendliness.’
11	Agyekum-Mensah et al., (2012)	4Es (project manageme nt model) and 4 Poles (poles or factors of sustainabili ty)	“Agyekum-Mensah et. al. (2012) proposed a 4Es (project management model) and 4 Poles (poles or factors of sustainability) model as a holistic approach to achieving sustainable construction. In addition, they proposed an extension to the definition of sustainable construction or development, as the existing definitions seem to be vague. The proposed model is new within project management and the environment. It also promotes technology as a core factor in achieving sustainable development.”
12	Nalband and Al Kelabi (2014)	Corporate social responsibili tyUniversal model	“Nalband and Al Kelabi revisited Carroll’s (1991) CSR pyramid model by including generic elements of beliefs, values and assumptions. The model signifies legal responsibility as the main responsibility. This is in contrast to Carroll (1991), who argued that a company is primarily profit-oriented. Nalband and Al Kelabi’s model postulates that the majority and/or an influential group in a company have the ‘final say’ as to what the key responsibility of the company is when conflict occurs in choosing among various responsibilities to fulfill. In this case, the model does not specifically address how to tackle an ‘environmental issue’ despite the addition of the new elements (i.e. beliefs, values and assumptions).”

Source: (Kaman 2015)

2.2.4. Measuring CSR

Based on the above discussion, researchers disagree on having one definition of CSR. In general, some definitions assume that CSR is related to organizations' actions towards satisfying their stakeholders, such as customers, suppliers, regulators, and employees. On the other side, some researchers suggest that CSR measures distinguished multiple activities: economic, social, environmental, and ethical. Carroll (1999) expressed this obscurity of the concept by stating: “The term [social responsibility] is a brilliant one; it means something, but not always the same thing, to everybody. To some, it conveys the idea of responsibility or liability; to others, it means socially responsible behavior in an ethical sense; to still others, the meaning transmitted is that of "responsible for," in a causal model; many simply equate it with a charitable contribution; some take it to mean socially conscious; many of those who embrace it most fervently see it as a mere synonym for "legitimacy," in the context of "belonging" or being proper or valid; a few see it as a sort of fiduciary duty imposing higher standards of behavior on businessmen than on citizen at large."

However, researchers tried to measure several dimensions of CSR using different methods. Like the CSR definition, Wolfe and Au pperle (1991) claimed that there is no specific way to measure the CSR. Waddock and Graves (1997) mentioned and assessed several ways of measuring corporate social performance, such as survey, content analysis, behavioral measures, case study, and reputation indices.

Reputation indices and databases are widely used methods to measure CSR. Several databases provide measurements for CSR, such as s. The Kinder, Lydenberg, and Domini (KLD) Database, and the Fortune Index. Based on survey analysis, financial statements, and government reports, those databases generate CSR reports for thousands of firms. KLD reputation index measures social activities based on eight characteristics: community relations, employee relations, environment, product treatment of women and minorities, military contracts, nuclear power, and south Africa Turker (2009). However, these indices are criticized by Miagnan and Ferrell (2000) by stating that they "suffer from the fact that their items are not based on theoretical arguments."

Another way of measuring CSR is known as single- and multiple issue indicators in which scholars can use single or multiple CSR issues. For instance, Some scholars (e.g., Bragdon and Marlin, 1972; Chen and Metcalf, 1984) used The pollution control performance, issued by the Council of Economic Priorities (CEP) as a single indicator of CSR (Turker, 2009). Even though some scholars used multiple indicators, this method was criticized. Maignan and Ferrell (2000) argue that a single indicator is not adequate to measure social behavior activities. Moreover, Turker (2009) argues that this method is limited to specific countries, and it does not cover all CSR issues.

Content analysis of corporates' reports is another method of evaluating the extent to which a corporation engages in social activities. This way becomes widely used by researchers in recent years since a lot of organiations' reports get to be accessible in literature. According to Gray et al., (1995), the issue of social disclosure of firms has been paid too much attention to companies, which in turn makes it easy for researchers to acquire information. However, the reliability of these reports is controversial. McGuire et al., (1988) claimed that the actual practices of a corporate could differ from those in reports. Therefore, "Companies may mislead the potential readers of these reports in order to create a more favorable image" (Turker, 2009).

Developing scales to measure the CSR perception of individuals is the fourth approach. Based on Carroll's model, Aupperle (1984) creates a scale to measure the values of CSR based on the managers' points of view. According to Ruf et al., (1998), Aupperle's scale is the first in using several dimensions to express CSR. However, the scale was criticized by Peterson (2004) by claiming that the scale can only measure the social responsibility of managers, but not the whole social responsibility of organizations. He mainly wrote: " this instrument would not be useful for assessing an organization's performance in the four domains independently; that is, the instrument would not be helpful for assessing organizational performance by employees who view their work organization as highly responsible on all four CSR domains or highly irresponsible on all four domains."

Using the same approach, Quazi and O'Brien (2000) build a scale by including several activities of corporate responsibility and the outcomes of committing to those activities. The Perceived Role of Ethics and Social Responsibility (PRESOR) is another scale that uses the managers' perception to evaluate the corporate performance in terms of ethics and social responsibility (Singhapakdi et al.,1996).

Lastly, the scales of measuring CSR for the whole organization are limited. According to Turker (2009), the most well- known scale is developed by Maignan and Ferrell (2000). They used the Corporate citizenship concept to measure the economic, legal, ethical, and discretionary responsibilities of an organization. In their scales, Maignan and Ferrell (2000) adopt the aspects of Carroll's model and the stakeholder theory. The scale was designed and tested in two different cultural settings.

2.2.5.The Importance Of CSR

This section will shed light on the benefits of adopting CSR practices in organizations based on reviewing several studies. Sprinkle and Maines (2010) tried to answer the question “Why do firms engage in CSR?”. The first reason they mentioned is related to altruistic intentions in which firms look forward to showing their good global citizen through philanthropic contributions. According to Sprinkle and Maines (2010), distinguishing whether these contributions are made for gaining profits or for a charity reason is a problematic mission.

The second reason was mentioned in Sprinkle and Maines study was using the CSR activities as a “ Window dressing” to satisfy some groups of stakeholders. Sprinkle, and Maines explained that point using non-governmental organizations as an example and they stated: “Viewed in this light, CSR may simply be another cost of doing business: it is something firms feel they have to do in order to avoid negative publicity and other actions from NGOs.”

The third reason was related to acquiring the benefits of CSR. In their study, Sprinkle and Maines argue that CSR can foster the process of recruiting, motivating, and retaining employees. However, Aguilera et al., (2007) found that employees' justice of CSR can reduce turnover rates. As a consequence, financial performance and productivity increases (Huselid, 1995; Guthrie, 2001). Galbreath (2010) wrote: “when CSR is demonstrated proactively and consistently, employees can gauge the extent to which they will be fairly treated, meeting their concern for justice. In turn, this creates an organization that can position itself for higher retention rates”. Moreover, Greening and Turban (2000) argue that CSR practices can attract prospective employees. Maignan et al., (1999) found that CSR is positively correlated with employee commitment.

Moreover, customer satisfaction is another benefit of CSR, which has been arguing in literature. Based on several studies of US firms, it has been found that CSR affects customers' purchase intentions as well as their perception of the firms' goods (e.g. (Brown and Dacin 1997), (Sen and Bhattacharya 2001), (Ellen 2006)). Galbreath (2010) proposed that the fairness which customers perceived through using firms' products and services can affect their perceptions, which in turn reflects their satisfaction status. Galbreath wrote: “CSR is expected to demonstrate equity or fairness towards customers, leading to higher satisfaction.”

Brown and Logsdon (1999) defined Reputation as “outsiders’ assessments about what the organization is, how well it meets its commitments and conforms to stakeholders’ expectations, and how effectively its overall performance fits with its socio-political environment.” (Galbreath, 2010). Therefore, reputation measures how good stakeholders see the firm. Galbreath (2010) argues that highly reputed firms can send proper signals to stakeholders by adopting CSR practices. On the other hand, reputation can be a strategic source of competitive advantage (Srivastava et al., 2001).

2.3. Competitive Advantage

2.3.1. Overview

In the last few years, the competitive advantage started to occupy the minds of practitioners and academicians to deal with all new global phenomenons, such as globalization, integration into the world economy, and openness and liberalization policies. Besides, the fast pace of technological developments urges organizations to find new ways of improving their products and services and sell them at competitive prices.

However, this century witnesses a complicated competition on markets and resources, which creates an urgent need to develop new management strategies that preserve and survive the organizations' objectives. On the other hand, developing a new competitive strategy requires organizations to understand their surrounding environment and competitive positions in a way that guarantees developing desired visions and strategic objectives that allow them to survive and prosper under that complicated competition.

The competitive advantage concept points to the ability of an organization to create and apply the strategies that raise the organization's rank compared to other similar organizations through the best use of tangible and intangible capabilities and resources.

2.3.2. Competitive Advantage Definitions

Hofer and Schendel (1978) were the first who defined competitive advantage by referring it to “the unique position an organization develops versus its competitors through its patterns of resource deployment.”

Porter (1979) argues that competitive advantage in terms of earning a higher rate of return can occur when organizations cope with the competitive strategies of competitors. Competitive advantage is the superior use of the organization’s capabilities and resources in a way that enhances the organization’s position and value (Barney, 1991).

Among several definitions of competitive advantage, managers' role is to understand the concept profoundly, improve their organizations' capabilities, and have better formulation and implementation of the organizations' strategies. However, the competitive advantage has been defined by several management schools and theories (Barney, 1986). The following part of the study reviews two competitive advantage perspectives: the IO perspective and the resource-based view.

- **IO perspective of competitive advantage**

The IO school researchers believe that the competition results from the market structure in which the organizations compete. In other words, competitive advantage is a result of some external environmental factors that surround the organizations. According to Bain (1956), barriers to entry is the factor that influences the industry structure.

Bain's (1956, 1968) developed the Structure-Conduct-Performance framework (Figure 2.7). According to him, market structure refers to an organization's market attributes, which can strategically affect the competition in that market (Thu and Akintoye, 2005). In general, the market structure is formed by several components, such as the number of sellers operating on the market, the level of product differentiation, the cost structure, and the vertical integration between companies or industries. The conduct stage of Bain's framework relates to some operational strategies and tactics, such as pricing and product strategies, research and innovation, market investment, and legal tactics. These tactics and strategies can enable competing organizations to respond to each other. The market performance follows the conduct stage and is expressed by the efficiency, profit, innovation, high employment efficiency relative to output, and equitable distribution of income (Scherer and Ross, 1990).

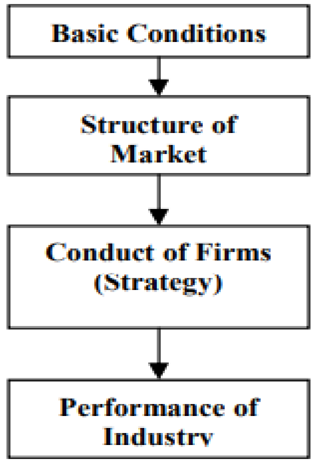

Figure.2.7. Structure-Conduct-Performance framework (Faulkner and Campbell,2003)

Bain's model is an analytical tool that builds a relationship between market structure, conduct, and performance. Besides, the competition depends on the existence and the value of the barrier to entry. Porter (1980) added four more factors: Bargaining power of buyers, Bargaining power of suppliers, the threat of substitute products, and the current competition.

However, regarding the competitive advantage of IO theory, Porter (1980) listed three generic strategies that can be adapted to achieve a superior position in the industry: Low-cost leadership, Differentiation, and Focus strategies. Through applying these strategies, organizations can achieve superior performance in three ways: to offer their products or services at lower prices than competitors, to offer products and services with unique features, and to align their products or services costs and features with a market segment.

In 1985, Porter added the value chain concept to be a source of competitive advantage for organizations. He argues that the value chain consists of all activities that are run by organizations. According to Porter (1985), value chain activities include the primary activities, which are logistics, operations, outbound logistics, marketing and sales, and service and the support activities that compose of firm infrastructure, human resource management, technology development, and procurement. Porter argues that competitors would differentiate those activities to become a source of competitive advantage.

- **Resource-Based View**

Many researchers criticized the IO perspective. Black and Boal (1994) argue that the market structure is not enough to determine firm performance. They furthered that the IO perspective is tautological, only suitable for the cross-sectional issues rather than longitudinal, and providing only implicit information for managers to formulate strategies. Rumelt (1991) and Roquebert et al., (1996) agree that the researchers can not expect a high degree of influential connection between industry structure and company performance.

For instance, Rumelt (1991) found that business units have a more significant influence on organizations' returns than market structure. Roquebert et al., (1996) found that the industry structure affects individual firms' profitability by only 10%. Therefore, most of the competitive advantage discussion became related to the RBV theory that emphasizes the importance of organizations' internal factors.

The RBV has first emerged by the work of Chamberlin (1933), who argues that competitive advantage results from the competencies and assets of organizations Rothschild (1987). Chamberlin (1933) listed some firms' assets that can be a source of competitive advantage, such as brand awareness, technical know-how, cooperation among managers (ibid).

According to Barney (1986), Chamberlin's competition model has not a significant difference from the models of the IO perspective. Barney asserted that both models urge for developing competitive strategies that cannot be imitated by rivals. Besides, the basic idea beyond Chamberlin's view is that firms' heterogeneity creates a pure competition that allows firms to gain a superior position.

However, reasearch discussing the theory of RBV increased rapidly. The study of Amit & Schoemaker (1993) links between the IO perspective and RBV by analyzing the industry structure factors and the firm level assets to find the situations that lead to sustainable economic rent.

Penrose (1959) stressed the importance of organization resources, which he considered more important than the market structure. Wernerfelt (1984) delved into the RBV and suggested how organizations that possess competitive resources can improve their performance. Moreover, Wernerfelt listed some organization resources, such as “customer loyalty,” “machine capacity,” “technological leads,” and “production experience.”

Grant (1991) argues that an organization’s capabilities and resources are sources of competitive advantage. According to Grant, Individual resources can be capital equipment, patents, finance, and efforts of individual employees. Grant argued that few of these resources work separately, while more than one input has to work in productive activities collectively in order to gain a competitive advantage. Moreover, Grant defined capability as the team’s ability to perform some tasks. A single resource cannot make a difference unless it combines with some skills and other resources (Grant 1991).

Regarding the firm’s competence, Teece et al., (1990) argue that competencies include diverse skills, integral possessions, and routine activities that enable the firms to gain sustainable competitive advantage. However, a firm’s competence is not worthy unless it provides a distinctive edge (Collis, 1991).

Furthermore, Barney (1991) claimed that valuable resources

1- could take advantage of opportunities and avoid environmental threats,

2- have unique features when they are compared with the present and possible new competitors’ resources

3- cannot be copied entirely by competitors,

4- and do not have substitutes.

According to Daft (1983), Barney (1991) claimed that the firm’s resources compose all organizational entities, such as assets, processes, organizational attributes, and knowledge. A firm’s resources are anything that contributes to the weakness or strength of a firm (Wernerfelt, 1984). also, Barney divided a firm’s resources into three categories, namely: physical capital resources (e.g., plant and equipment, raw materials); human capital resources (e.g., training, inside and outside relationships); and organizational capital resources (e.g., formal reporting system, planning, controlling). Therefore, resources can come in several forms, tangible or intangible, and human or non-human.

Hofer and Schendel (1978) proposed six forms of a firm's resources: financial resources, physical resources, human resources, reputation, organizational resources, and technological resources. Based on the above previous studies, Hunt and Morgan (1995) suggested seven distinctive competencies: (1) financial (cash reserves, access to financial market), (2) physical (plant, equipment), (3) legal (trademarks, licenses), (4) human (the skills and knowledge of individual employees), (5) organizational (competencies, controls, policies, culture), (6) informational (knowledge resulting from consumer and competitor intelligence), (7) relational (relationships with suppliers and customers).

According to Hall (1993), intangible assets, such as trademarks, the culture of the organization, contracts, and licenses, are sources of competitive advantage. Hall argues that firms can compete based on four differences: (1) functional differential (e.g., knowledge, skill, and experience of employees, suppliers, distributors, stockbrokers, advertising agents), (2) cultural differential (e.g., "the habits, attitudes," "beliefs and values," "perception of high-quality standards," "an ability to change," and "an ability to learn," etc.), (3) regulatory differential (e.g., having legal entities such as "intellectual property rights, contracts, trade secrets"), (3) positional differential (e.g., a consequence of past actions which have produced a particular reputation, with customers, a specific configuration of the value chain). In his study, quality, image, and price have been found the most critical dimensions of competitive advantage.

Despite the criticism of the RBV approach, it could gain immense popularity in theory and practice. However, by applying RBV on strategy, an organization becomes able to specify its capabilities and resources, which in turn, understanding and operating better than the competitors (Porter 2005). According to different studies, Management in RBV can create a superior advantage by "combining, developing, and utilizing resources to create more valuable results than competitors"(Porter, 2005). Moreover, the RBV has been linked with the dynamic capability theory, where it has been discussed that organizations can reform their resources, capabilities, and core competence in a fast dynamic environment.

2.3.3. Determinants Of Competitive Advantage

Based on the studies of Coyne (1986), Barney (1991), and Porter and van der Linde (1995), Chang (2011) developed six items to evaluate the competitive advantage, which are product quality, managerial capability, profitability, corporate image, and the ability of competitors to acquire a company's competitive advantage.

Using Zhang's (2001) study, Li et al., (2006) adopted 21 items to measure the competitive advantage based on five dimensions, "which are price/cost, quality, delivery dependability, product innovation, and time to market." Moreover, Kouftero, Vonderembse, and Doll (2002) measure the competitive advantage of manufacturing firms based on quality, product innovation, competitive price, premium price, and delivery dependability.

Lin and Chen (2008) focused on product competitive advantage, which is defined as "how well it captures both a product's desirability to customers and superior manufacturing performance relative to competitors' products." Reviewing different previous studies, they used five dimensions to analyze the competitive advantage of organizations' products: product quality, product novel features, meeting customer's needs, technical performance, and offering solutions.

In summary, low cost, product/service quality, Innovation, managerial capabilities, being the first mover, corporate image, growth, and profitability are the most commonly used dimensions in

evaluating the competitive advantage. Therefore this study uses Chen and Lai's (2006) definition and items of the competitive advantage, which refers to the situations in which a company can create a profitable and sustainable strategy that cannot be imitated by competitors.

1- Cost

According to Porter (1985), low-cost leadership is one of the generic strategies adopted by companies to get a superior position in the industry. Through that strategy, companies become able to produce their products at a low cost and sell them at a low price compared with competitors.

"Price is what is given up or sacrificed to obtain a product or service" (Zeithaml, 1988). Kotler and Armstrong (2012) argue that price represents how much customers expend for having a product or a service and how much benefits the customer can realize when they use the product or the service. Zeithaml (1988) claimed that price affects customer value, which, in turn, influences customer satisfaction.

2- Product/Service Quality

Quality is an old aspect that dates back to the pre-1990s –before the industrial revolution- when quality was associated with craftsmanship. Next, between 1990 and 1930, the era of automation emerged where manufacturing sectors started focusing on machines, works became more repetitive, and quality was based on internal activities of a firm (Knowles, 2011) to ensure problem absence (Lengnick-Hall, 1996).

However, before 1930, the customer was considered only a buyer, where profitability is more important than customer satisfaction (Lengnick-Hall, 1996). In that era, Taylor, the father of scientific management, was the first who emphases on hiring inspectors to ensure the appropriate quality of products (Knowles, 2011). Employees were asked to produce as many products as they can while quality was the responsibility of inspectors hired by the quality department (Knowles, 2011).

The next stage of quality development is called the quality control era, which extends from 1930 to 1950. The era concentrates on preventing problems in every manufacturing process by applying a statistical method and team approach (Knowles, 2011) to meet standards (Lengnick-Hall, 1996). However, this era paved the way for the Total quality management era (1950-1970), focusing on different perspectives such as customer-focused, accurate results, process-focused, and employees' empowerment (Robbins and Coulter, 2015).

Quality has been defined based on two views; manufacturing and marketing. The manufacturing view sees that quality can be measured by the design and conformance of the products. The quality of design evaluates the features of the product based on customers' needs, while the quality of conformance tries to make sure that the product meets the proposed design (Fine 1986). On the other hand, the marketing view of quality evaluates the product based on its technical features (product objectives) and customer evaluation (Zeithmal, 1988).

However, because of the increase in competition and the environment changes, many scientific researchers become seeking to improve service quality, which is considered a distinctive edge (Zeithmal, 2000).

3- Innovation

The innovation concept has first developed by Schumpeter (1934) at the beginning of the 20th century, where it is defined as a new product or a process that can be developed by either existing technologies or new scientific discoveries. In his definition, several methods of innovation can be adopted (Alexander, Abroskin & Meissner, Dirk, 2013), such as

1- Introducing a new Product

2- using a new production method

3- entering a new market

4- using new raw materials

5- changing the existing market structure by implementing a different way of competition

The Organization for Economic Cooperation and Development (OECD) defined innovation as "the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations" (OECD, 2005).

Moreover, Godin (2008) assumes that innovation is presented in terms of a process, human abilities, a change in all organizational aspects, and a new product. Ram, Cui, and Wu (2010) furthered that innovation can be classified into innovation as something new, innovation as a conduit of change, innovation as a process, innovation as a value driver, and innovation as an invention.

Regardless of the definitions and types of innovation, it is all about novelty and creating new things that drive the organizations' improvement and development. According to Johannessen (2009), innovation is a source of competitive advantage in which economic growth and organizational development prosper under the current competitive environment.

Moreover, it has been argued that technology facilitates innovation, which distinguishes the value, the quality, or the productivity of a firm. Therefore, Investing in the right technology and innovation are the key drivers of organizational success. Innovation improves efficiency and creates new working practices, which in turn lead to gain a competitive advantage and flexibility (Alexander, Abroskin & Meissner, Dirk, 2013).

4- Managerial Capabilities

According to Adner and Helfat (2003), managerial capabilities include building, integrating, and reconfiguring organizational resources. Moreover, Helfat and Martin (2015) defined managerial capabilities as "The capabilities with which managers create, extend, or modify the ways which a firm makes a living, through an impact on factors both within and outside of the firm."

The managerial capabilities concept is related to the dynamic capabilities in which the organizations change their ways and processes to survive (Teece, Pisano, and Shuen, 1997). According to Eisenhardt and Martin (2000), dynamic capabilities are related to the routine actions that are done by organizations to reconfigure their resources. However, dynamic managerial capabilities and managerial capabilities are overlapped in literature. Both of them use the same way with one difference in which the dynamic managerial capabilities are changing over time.

However, most of the managerial capabilities studies address the role of managerial capabilities in building a sustainable competitive advantage (Adner & Helfat, 2003; Augier & Teece, 2009; Helfat et al., 2007).

Zahra, Sapienza, & Davidsson (2006) argue that managerial capability has a critical influence on organizational performance. According to Ali, Sun, and Ali (2017), the managerial capability has a direct influence on organizational innovation. Moreover, in the study of Adner and Helfat (2003), managerial capability encourages employees toward growth, which in turn improves business performance.

5- First-mover Advantage

According to Barney (1997), the first mover can obtain in different aspects such as acquiring valuable assets, shaping customer preferences, and gaining technological advancement. Liebermann & Montgomery (1988) argue that first-mover firms are the first to enter the markets. They explained that the advantages of being the first-mover emerge from three aspects, which are " 1-technological leadership, 2- preemption of assets, and 3- buyer switching costs."

However, in their study, technological leadership can be obtained by possessing a technology that is not used by competitors or by the learning curve. The basic idea behind the learning curve is that the more times the workers do something, the less time they will need to accomplish, the more outputs they can produce, and finally, the lower unit cost the company will acquire. According to Spence (1981), the learning curve can is an entry barrier and protection against competitors.

Liebermann & Montgomery (1988) argue that the preemption of assets points to a firm's ability to acquire scarce assets, which can be tangible or intangible. Those assets can be inputs of production, firms' locations, natural resources, and firms' market position.

Buyer switching cost is the third advantage that the first-mover firms can possess based on Liebermann & Montgomery (1988). The basic idea behind switching costs is that buyers might expose to extra costs when they move from the pioneer firm to new entrants, particularly in the case of imperfect knowledge buyers. Buyers would not move to other alternatives when the first brand is satisfactory and convincing.

However, in the literature, the first movers have advantages and disadvantages. Crawford (1989) argues that some adaptive entrants can adjust their products in a way that serves buyers better than the first mover product. He furthered that this case can be solved by not revealing all cards but instead producing follow-on items or a stream of products that cannot be expected and produced by competitors.

Moreover, Pioneering behavior can be a sustainable competitive advantage if the first-mover firm possesses unique resources and keeps diversified in terms of resources ((Barney 1991). According to Kerin, Varadarajan, and Peterson (1992), being the first mover does not guarantee any advantage except in the case of the ability to have enough resources and skills. However, it has been discussed that having the advantages of being the first mover is limited to some abilities such as continuous innovation and acquiring scarce resources.

6- Corporate Image

Corporate image is how customers see organizations. It is the picture that resides in the mind of customers regarding the corporate. However, in the current intensive competition, organizations are no longer compete only based on product or service features, but instead in the corporate image and reputation (Bozkurt, 2019).

Corporate image is a sum of beliefs and impressions toward the corporate products, services, structure, quality, employees, strategy, and communication (Bozkurt, 2019). According to Fombrun, C. J., Gardberg, N., and Sever, J. (2000), the corporate image consists of two dimensions: functional and emotional, where the functional measures the ability of the product or the firm to meet its physical goal. In contrast, the emotional dimension relates to how customers feel toward the enterprise. Therefore, it is challenging to measure compared with the physical dimension.

Barich and Kotler (1991) claim that “corporate image” emerges from customers' attitude, knowledge, and view about the corporation. Moreover, Morello (1986) argues that corporate image results in personalized perceptions of customers, and therefore it is a subjective aspect. According to Nguyen (2001), the corporate image is a sum of processes by which the public compares the characteristics of several firms. Nguyen (2001) argue that corporate image includes two components: tangible and intangible. According to them, the intangible dimension includes customer loyalty, customer perception, and customer emotion.

Regardless of the components and definitions of corporate image, Virvilaite & Daubaraite (2011) found that corporate image has a significant influence on customer loyalty and profitability. They argue that the long-term corporate image can attract new customers, proficient employees, and stakeholders' trust. Zhang (2009) argues that a good corporate image enhances customer loyalty and increase corporate returns. Moreover, Nguyen (2001) claim that corporate image increases the trust between suppliers and the company. In general, having a good corporate image can be a source of competitive advantage.

7- Growth

Growth refers to the firms' ability to increase their sales and reduce the unit cost to increase their profitability. Viner (1932) was the first to define the firm growth theory depending on the U-shaped cost function (Nerozzi, 2007) . Based on that function, there is a negative relation between the fixed costs of production and production level. In contrast, there is a positive relationship between variable costs and the production level.

The above relationship between fixed costs and production level theory explained by Viner is well known as the *economies of scale*. It indicates that fixed costs reduce by the increase in output levels. However, firms might face a case of "diseconomies of scale" when their sizes increase. Diseconomies of scale occur when firm size or production of units increases, which in turn raises the average costs. Therefore, the U-shaped cost function theory proposes that small firms have a better chance to grow rather than large firms.

However, this theory was rebutted by Gibrat (1931) by pointing to some other external factors that might affect both small and large firms (Santarelli, Enrico & Klomp, L. & Thurik, Roy. 2006). Gibrat (1931) argues that there is no relationship between growth rate and firm size in what is called Low of proportionate effect (LPE) (ibid). However, Gibrat's theory was also rebutted by Mansfield (1962) through a study conducted in the U.S. Mansfield's study found that in the early phase of entering the market, there is a negative relationship between growth rate and firm size. Moreover, Jovanovic (1989) used the learning curve to conclude that the growth rate decreases by increasing firm size and age. Regardless of the determinants of growth rate, RBV theory argues that growth rate advantage can be achieved by acquiring valuable, rare, and inimitable resources and capabilities (Jovanovic, Boyan & Nyarko, Yaw, 1995).

8- Financial Performance

Performance measurement was first recognized in business in 1943 when the International City Management Association (ICMA) applied its practices in municipal activities (Prochazka, 2018). Afterward, different performance measurement tools start to be used. BSC, which is the most popular performance framework developed in 1992 and published by Harvard Business Review, came to measure the financial and non-financial aspects of organizations.

However, BSC's financial perspective suggests several ratios to evaluate the financial position of a firm, which in general focuses on profitability metrics such as return on capital, return on equity, and return on sales (Kaplan & Norton, 1992).

According to Ross et al., (2003), as cited in Vintila and Nenu (2015), six advantages of financial ratios are mentioned. One of them is to evaluate the company’s position compared to its main competitors. Therefore, profitability can be used as a determinant of competitive advantage. Besides, several studies conceptualize the competitive advantage using financial and non-financial dimensions.

The resource advantage theory, which belongs to Hunt and Morgan (1995, 1996), proposed two dimensions to assess the competitive position of firms, which are comparative effectiveness and comparative efficiency. Comparative effectiveness measures the ability of the offered products and services to have a superior position. On the other hand, comparative efficiency measures products and services' ability to be produced at a lower cost. Hence, the competitive advantage evaluation is determined by achieving superior financial performance (Hunt, 2000, p. 10).

2.4. Organizational Learning

2.4.1. Background

The climate of the twenty-first century and its rapid changes, such as the information uprising, and the evolution of communication tools, imposed a new reality on organizations, requiring adopting modern management practices. Among the most important of these practices is organizational learning.

The organizational learning concept dates back to the 1980s. It has emerged due to several factors, such as intensive competition, globalization, and the fast pace of technological development (Gherardi.s, 2015). Garratt (1999) claimed that organizational learning history is traced back to the "Action Learning" process, which belongs to Revans (1982). The process deals with sizeable statistical data of small groups' positive emotional energies. The same process is used in SPC (statistical process control) and PDSA (plan-do-study-action), which are developed by Deming and Juran's quality control system.

Several studies came after developing the concept of organizational learning, such as the study of **Chris Argyris** and **Donald Schon,** developed, in 1978**,** the single-loop and double-loop learning model, the Fifth Discipline of **Peter M. Senge** (1990), and the study of Pedler and Burgoyne (1991).

However, all previous studies that discussed organizational learning arose from the definitions and theories of learning and whether organizations can learn (Scott, 2011). Learning has been defined as the process of gaining or adding something new to the educated individuals, as their genetic forces interact with factors of the external environment in which they live, which causes changes in their behavior patterns and the growth of their personality.

Mckenna (2000) argues that learning involves changes related to behavior that occur due to previous practice or experience, and it focuses on acquiring knowledge, attitudes, values , and skills. Several studies have a consensus view regarding the learning characteristics, which are

1- Involves a behavioral change.

2- The change is permanent, not temporary

3- This change results from experience, practice, and constant interaction with the surrounding environments.

In contrast, Huber (1991) argues that learning does not always lead to enhance effectiveness and behavior change. He furthered that learning may interrupt the right information that resides in individuals’ minds. However, Huber argues that through processing information, an entity, such as an individual, group, and organization, can change its behavior.

Moreover, Wang and Ahmed (2002) argue that individuals learning contributes to organizational learning. The mission of organizations, under this argument, includes integrating the whole individual knowledge produced from acquiring and interpreting information.

According to psychologists, individuals would not learn unless they meet some conditions, such as

1- having the desire to learn and benefit from their previous experience

2- The ability to learn and understand things accurately and use and employ perceptions to guide his behavior.

3- The clarity of what they learn and that it has meaning for them to facilitate the learning process.

4- The Speed in learning.

2.4.2. Classical Theories Of Learning

2.4.2.1. Classical conditioning theory

This theory was developed by Pavlov, the Russian psychologist scholar, in 1927. His theory explains how a new behavior can be acquired as a result of unintended learning. However, learning occurs when a stimulus repeatedly exercises into another stimulus to produce a response in a way that the first stimulus and the response become associated.

2.4.2.2. Opérant conditioning theory

Skinner pioneered this theory. The essence of the theory resides in the link between the behavior itself and its consequences. In other words, the possibility of repeated occurrences of a response increases or decreases depending on its consequences, which might be rewards or punishments.

2.4.2.3. Cognitive learning theory

Cognitive learning theory is based on cognitive psychology research, and it is widely used in the field of management science, so today, it is among the most important theories in organizational learning. It considers that learning is a more complicated process than previous theories. Cognitive learning theory emphasizes the importance of the thinking process on the human side, in which it assumes that individuals are aware and active participants in how they learn. Argyris (1977) used cognitive learning theories to point out how organizational members can participate in developing organizational memory by sharing their information and knowledge, where organizational learning is a reciprocal relationship of the knowledge flow between organization members and between members and the organization.

2.4.2.4. Social learning theory

This theory was proposed by the Social psychologist Albert Bandura who argues that behavior and attitude can be changed by social interactions. He furthers that learning does not occur through the trial and error process but through observing and imitating the actions of surrounded people.

Considering that the organization is a social unit and an open system interacting with the environment, this affects its knowledge base and its shape and patterns of learning. Moreover, culture is one of the essential dimensions in this theory because of its impact on the nature and method of organizational learning, such as the culture of possession Information, the culture of organizational performance, the culture of working groups, the culture of total quality, and the adaptive culture (Daft. R, 2001).

However, the social view of organizational learning goes back to the Wenger-Lave study of learning in the framework of practice groups (technicians, Alchemists,….). Lave found that learning has a direct relationship with developing a human identity through having a membership in practice groups.

2.4.2.5. Systems theory

Argyris, Schoon, and Senge are the bright flags who drew the foundation of this theory, as they viewed the organization as a system that can understand the organizational activities for either organizations or people. Under this theory, the organization can realize the interrelation between its parts and its members.

Perhaps the best written in this regard is what came on Senge in his book The Fifth Discipline, 1990 when he stressed the importance of organizational thinking, dialogue, and organizational learning through the five dimensions of building learning organizations.

2.4.3. Contemporary Theories Of Learning

Organizational learning theories differ according to the different and multiple approaches from which writers and researchers looked at organizational learning. Based on previous studies, contemporary learning theories can be divided into two views: Personal and Social. The following is a brief review of each school’s theories.

2.4.3.1. Contemporary personal view theories

1- Learning curve tradition theory

Argote (1993) came up with this theory. It points out that the unit cost of production decreases with increasing the frequency of production, and the time spent in producing a unit decreased at a constant rate (Learning Rate) when the total amount of units produced is doubled.

In general, Learning curve tradition theory asserts that repetition can create learning. In other words, individuals will benefit from the repetition process by reducing their mistakes to the minimum.

2- The information processing theory

March & Simon's (1958) contributions are among the first who embedded the Information Processing Theory into organizational learning. Their contributions based on the theories of the problem- solving and decision making indicates that limited human memory and cognitive capabilities urge the decision-makers to use computers to develop new methods for making decisions and solving problems. In their contributions, they consider the original notion of Information Processing theory that there are many similarities between human brains and the role of computers.

3- The interventionist theory

Argyris & Shoon (1978) developed this theory by describing organizational learning as the process of investigation and correction of errors in which the knowledge emerges. Argyris & Shoon furthered that emerging knowledge can create new learning that cares about individual learning rather than organizational learning.

Moreover, Argyris & Shoon argue that some unwanted behaviors and ideas of organizational members may call the organization to intervene and eliminate or replace them with desired behaviors.

4- Situational learning theory

This theory focuses on the personal learning that people acquire through Interactivity without specifying how to transform this learning into organizational learning. Moreover, Brown.J, Dugued (1991) argues that informal learning in formal societies as organizations approved its success.

Orr. J (1990) furthered that organizational members can achieve their tasks by adopting some informal social ideas in sharing their knowledge, such as Sharing novels and stories.

2.4.3.2. Contemporary social view theories

1- Institutional school of thought

The Institutional view of organizations looks for legitimizing its processes by guiding the social behaviors through establishing rules, norms, and routines (Scott, 1995). However, Institutional theory looks for creating an organizational awareness in which organizations look at their members as organizational founders through their actions and achievements but not as only individuals (Hanson, 2001).

Mary Douglas, in 1987, adopted this theory in cognitive cooperation by claiming that organization's mission is to control social actions, exchange, and solidity. She focused on the importance of collective thinking among the group members and how rituals and symbols can be a way of creating social relations.

2- The social constructivist theory

Magalhaes (1996) argues that organizations can be depicted as objective entities despite the existence of formal and informal elements in their environments. He furthers that the informal components of an organization result from several daily interactions between the group members or different groups, and the cognitive functions as learning depend on those interactions. However, the organizations' formal and informal components can blind with each other to create new cognitive contexts.

According to McMahon (1997), The Social Constructivist theory maintains that learning is an entirely social process that results from sharing experiences between group members to solve problems.

2.4.4.Organizational Learning Definitions

Senge (1990) argues that organizational learning is the ability of an organization to increase the capacity of its employees by breaking all constraints that may prevent them from continually thinking, feeling, and learning. Senge furthered that learning organizations require five practices, which are systems thinking, personal mastery, mental models, shared vision, and team learning.

In his book, Peter Senge argues that system thinking includes looking at the organization as a whole rather than separated parts. Personal mastery indicates the people's capacity to achieve the desired results by being proactive and learning continuously (Senge, 1990). According to Senge, Mental models describe how people's values and presumptions could influence their behaviors. Shared vision assures that all organization's members carry out the same view regarding the future shape of the organization (ibid). Finally, Senge argues that team learning can lead to better results than individual learning by spreading the information all over the team members.

However, several studies differentiate between learning organizations and organizational learning. Hence, several definitions of organizational learning have emerged. Fiol and Lyles (1985) defined organizational learning as the process of acquiring better knowledge and increasing the understanding ability to improve the actions.

Similarly, Miller (1996) argues that organizational learning is the ability of a group to possess new knowledge, which will be used later to make better decisions, enhance the group's implementation capabilities, and raise the possibility of having successful operations. The main idea behind Miller's definition is the knowledge acquisition process used appropriately to increase the chance of success.

According to Argyris (1977), organizational learning is the process of revealing the organization's abnormalities or errors and correcting them by modifying the organization's tactics and spreading the results throughout the organization.

Moreover, Daft and Weick (1984) argue that organizational learning includes creating new knowledge through the interaction between the organization and the environment. This definition requires the organizations to develop individuals' knowledge by understanding the relationships between behaviors and results and the extent to which environmental factors influence these relationships.

Organizational learning is the right treatment of acquired information that accompanies or results in a change in organizational behavior (Huber, 1991). According to Huber (1991), organizational learning includes four processes that should be integrated to achieve the desired results: Knowledge Acquisition, Information Distribution, Information Interpretation, and Organization Memory.

In sum, most of the definitions argue that organizational learning is a process of developing the current knowledge and creating a new one to correct old actions and improve the final results. Therefore, acquiring new knowledge is the main point behind OL, which has to be analyzed and used correctly to restructure the organization, preserve its competitive position, adapt to the environmental changes.

Chiva, Ghauri, & Alegre (2014) defined organizational learning as “the process through which organizations change or modify their mental models, rules, processes or knowledge, maintaining or improving their performance.”

However, Seymen (2002) summarized the characteristics of organizational learning as follows

1- includes changes in organizational structure and behaviors.

2- dealing with individuals as learning bodies in which they actively participate in organizations' actions.

3- taking place at all organizational layers.

4- Organizational learning activities may produce right or wrong results.

5- includes collecting information from inside and outside sources of organizations.

6- It produces new knowledge, which is essential for adapting to the environment.

7- learned information and gained experience through organizational learning can be applied and stored in the organizational memory.

2.4.5. Organizational Learning Frameworks

The frameworks of organizational learning are extracted from the processes that can be applied to the best implementation of organizational learning. One of the well-known frameworks is Single and double-loop learning, which belongs to Argyris & Schön (1978) (Figure 2.8).

In Argyris & Schön model, two types of organizational learning can be adopted. Single-loop learning is a process in which the organization’s members change their actions and behaviors in an appropriate way that adjust and fix the present situation. In other words, actions change depends on results.

In single-loop learning, individuals learn from the outputs of their actions. If they are positive, individuals can repeat them so that they become later programmed decisions that can be used in stressful situations. This kind of learning appears as a process of unifying (strengthening) and changing the knowledge base and competence of the organization without changing its current policies (Romme and Witteloostuijn, 1999).

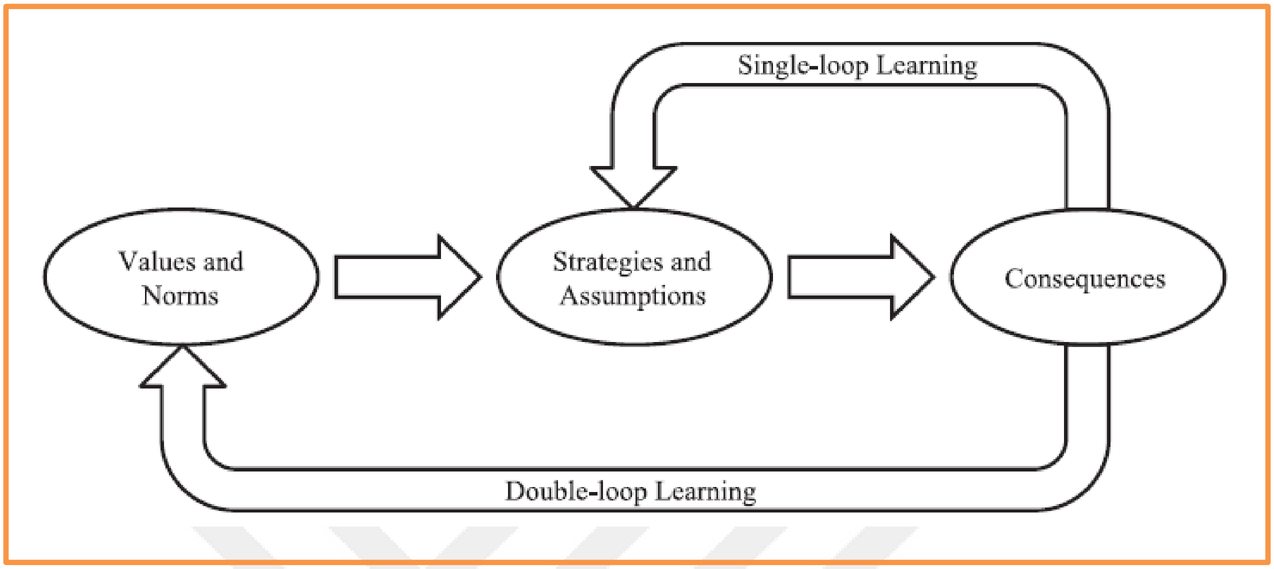

Figure. 2.8. Single-loop and double-loop learning (Argyris & Schön,1996).

However, many criticisms have been discussed regarding single-loop learning. One of them argues that it may lead the organizations to focus on solving the problem rather than cutting the root of the problem itself. Hence, it may lead the institution to close by itself if it does not continue to learn and look at other organizations' experiences. Whatever the organization has expanded, this type of learning remains limited.

In contrast, double-loop learning depends on avoiding mistakes before they occur by generating some assumptions followed by actions and using the results of actions to change the assumptions. These steps are repeated to keep changing the underlying assumptions regarding goals, values, and techniques. Double-loop learning tends to expand the circle of learning and search for new methods and knowledge, as well as seeks to find solutions to problems and address deviations.

According to Pemberton & Stonehouse (2000), double-loop learning is a cognitive learning process that goes beyond immediate solutions to problems by developing principles that determine future organizational behavior and lead to new ways of doing business. Moreover, Haye & Allinson (1998) argue that this kind of learning can lead to new situations and events of understanding, leading to the development of new plans and the implementation of different strategies.

Another popular framework of organizational learning is the Institutional Framework of Knowledge and Organizational Learning, suggested by Lam (2000). (Figure 2.9). This model examines the impact of social environments on knowledge and learning methods in organizations. Besides, this social environment may be a problem of society as a whole in a particular country or a specific region, where there is no single model that can be generalized to all organizations. Therefore, it is possible to have a mixture of cognitive and organizational learning models in the same country.

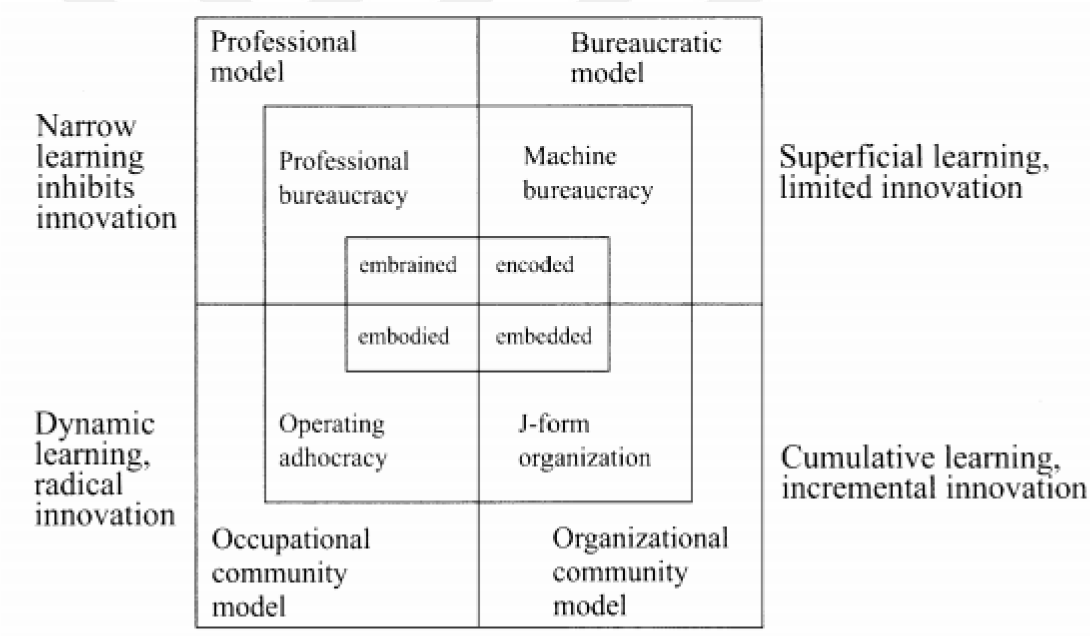

Figure.2.9. Institutional Framework of Knowledge and Organizational Learning (Lam,2000)

Lam's framework is divided into four sub-models, as shown in the above figure. The researcher summarizes the distinct elements of each of these four models, according to the table 2.4.

Table 2.4. A comparison of the four models of Institutional Framework of Knowledge and Organizational Learning

Model / Variables	**Bureaucratic**	**Professional**	**Occupational Community**	**Organizational Community**
Labour Market	Internal	Open	Open	Internal
Management Approach	Machine Bureaucracy	Professional Bureaucracy	Operating Adhocracy	J-Form founded in Japan
Autonomy Degree	Low	High	High	Low
Knowledge	Individual Skills "Encoded Knowledge"	Collective and Explicit "Embrained Knowledge"	Intensive, implicit, and embodied In the experts	Implicit and embedded in the organization and its values
Tacit Knowledge Transmission level	Very Narrow	Very Narrow	Very Wide	Within the boundaries of the organization
Innovation Degree	Weak	Low	Radical Innovation	Continous and Incremental Innovation
Learning	Superficial Learning	Narrow Individual Approach	Experimentation, Entrepreneurship, and Interactive	Collective, cumulative and within the

			Learning	boundary of the firm
Prevalence	French organizations	UK & USA	Silicon Valley Company	Japan

Source: Prepared By the Researcher

Kim (1993) proposed a beneficial model of organizational learning. The model is called the learning cycle (Figure 2.10). The learning cycle begins with Conceptual Learning, which includes the cause and effect of experimental events. Conceptual learning ends by designing abstract concepts to analyze the experience and possess (why-know) events.

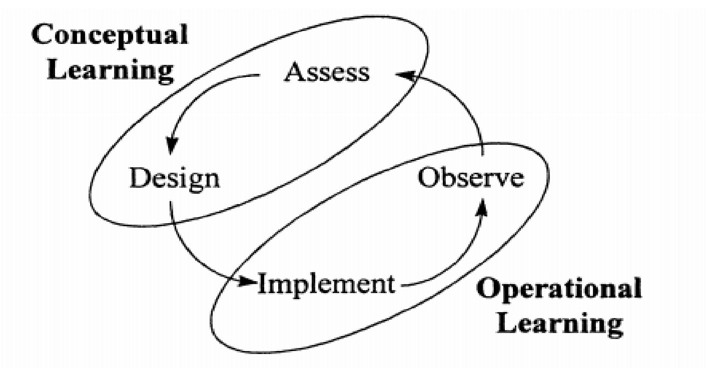

Figure.2.10. Learning Cycle Model of (Kim, 1993)

However, Conceptual learning is followed by the Operational learning cycle, which begins with implementing required changes in the dominant variables followed by observing and tracking the results in order to develop the skills of how to deal with events and link between the actions and outcomes (Kim,1993).

By considering all levels of learning (Individual, Group, and Organization), Crossan, Lane, and White (1999) developed a model by including four processes, which are intuiting, interpreting, integrating, and institutionalizing. Their model is regarded by many researchers and used in practice. Crossan, Lane, and White (1999), in their framework, argue that each level has its particular process (see Table 2.5).

Table 2.5. Crossan, Lane, and White Framework

Level	Process	Input/Outcome
Individual	Intuiting	Experience
		Image
		Metaphore
	Interpreting	Language
		Cognitive map
		Conversation/Dialogue
Group	Integrating	Shared understanding
		Mutual Adjustment
		Interactive systems
		Routines
Organization	Institutionalizing	Diagnostic System
		Rules and procedures

Source: Crossan, Lane, and White (1999)

Crossan, Lane, and White (1999) argue that individuals experience several events that form their intuition regarding future occurrences. The interpreting process refers to the explanations of oneself or others using actions and words. At the group level, the Integrating process came to share information among the group members. Finally, institutionalizing is the ability of standardizing the rules, tactics, and organization mechanisms.

Crossan, Lane, and White’s (1999) framework was adopted by Patricia et al., (2013) to create a new packing service for Pharmacies. In his framework, Patricia et al., (2013) found that processes are not separate, as it is developed by Crossan, Lane, and White. In contrast to the original framework, Apontea and Zapata (2013) found that individual and group processes might interact and integrate. Apontea and Zapata (2013) found that intuition emerged from the owner, who suggested the new packing service based on his past judgments and experience.

Apontea and Zapata (2013) furthered that interpreting was represented in the dialogue and conversation between the owner and some possible executives as a financial manager. On the other hand, sharing information among the executive and operational group members embodies the integrating process. By interviewing some individuals, one confirmed that once the new packing service procedures are learned, all rules, habits, and communication ways become routinized. Thus, the new packing service is institutionalized.

Furthermore, Castaneda and Ríos (2007) developed an organizational learning model based on Crossan, Lane, and White's (1999) framework by adding two processes to the group level, which are conversation and social modeling. Zietsma, Winn, Branzei, and Vertinsky (2002) added attention and attending processes to the framework. Moreover, using social cognitive theory, Castaneda and Perez (2005) modified the individual level of Crossan, Lane, and White's (1999) framework.

Malone (2002) developed the conceptual model of knowledge management based on The (KM-SIG), which stands for Knowledge Management Special Interest Group. The model is based on knowledge management, which is defined as the process of gathering and disseminating the tacit knowledge generated by the information evaluation process (Malone 2002).

According to Malone (2002), The (KM-SIG) is applicable in organizations that facilitate the knowledge networks and project teams to filter and choose the desired applicable knowledge (Figure 2.11). Malone’s model includes ten components: “knowledge domain,” “knowledge network,” “strategic alignment,” “tacit and explicit knowledge,” “potential and actual value,” “core, stable, mission-critical processes,” “project teams,” “knowledge communities,” “communities of practice,” and “the learning process.”

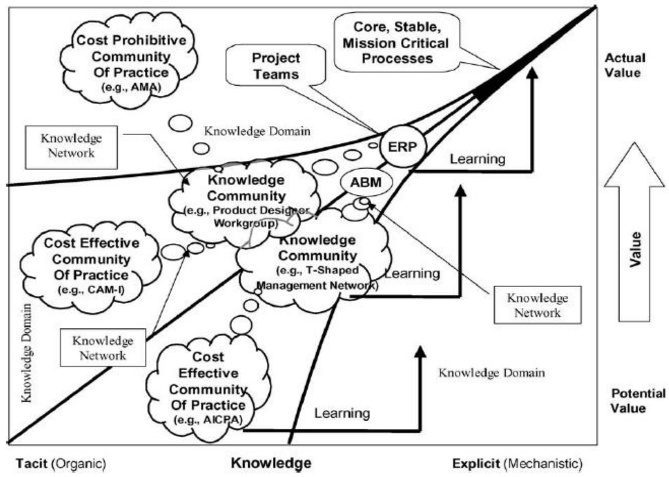

Figure.2.11. Malone's model of organizational learning (Malone,2002)

The model starts from the bottom, where the knowledge domain is generated by the knowledge management systems and every working unit of the organization. Through the knowledge domains, the organization draws the knowledge filtered and conveyed through the knowledge networks. The knowledge network represents the internal and external networks, such as the internet and the intranet of the organization.

The three lines of the model (the straight and two curved ones) represent the strategic alignment in which the processes of capturing and transferring knowledge throughout the organization are aligned with the strategic objectives of the organization. Moreover, protecting the tacit knowledge that resides in some individuals of the organization, it is essential to transfer that knowledge into explicit. Malone (2002) argues that the best way to reserve the tacit knowledge is to keep using both strategies (personalization and codification). They are developed by Hansen et al., (1999) and based on encouraging interpersonal communication, having multi-skills employees, reducing employee turnover, developing the online training environment, and registering the complex processes into videotapes.

With the help of the project teams, communities of practicing, knowledge community, and core, stable, mission-critical processes, the organization's most critical goal can be achieved. This goal represents the ability to transfer the knowledge into value, taking into account the time of knowledge acquisition and the target region where the knowledge must be collected.

However, the learning process of Malone's (2002) model starts when all the organization's members participate in decision making at the organic level. Malone (2002) argues that learning occurs when the tacit knowledge at the organic level becomes able to be filtered and codified. Malone (2002) stated, "As knowledge is filtered along through this network, it gradually becomes increasingly codified and documented, thus evolving from the tacit to the explicit. As knowledge is captured and processed through knowledge communities, project teams begin to use that information as they see appropriate……………………………… Finally, as project teams bring those projects online, the knowledge that has been captured and made part of those projects is incorporated into the core stable processes of the firm."

Moreover, Chouseinoglou et al., (2013) developed the AiOLoS model (Figure 2.12) to analyze and test the applicability of the organizational learning process in software development organizations. According to Chouseinoglou et al., (2013), the AiOLoS model is designed to enable software development organizations to find the deficiencies in their organizational learning processes by offering some measurement tools.

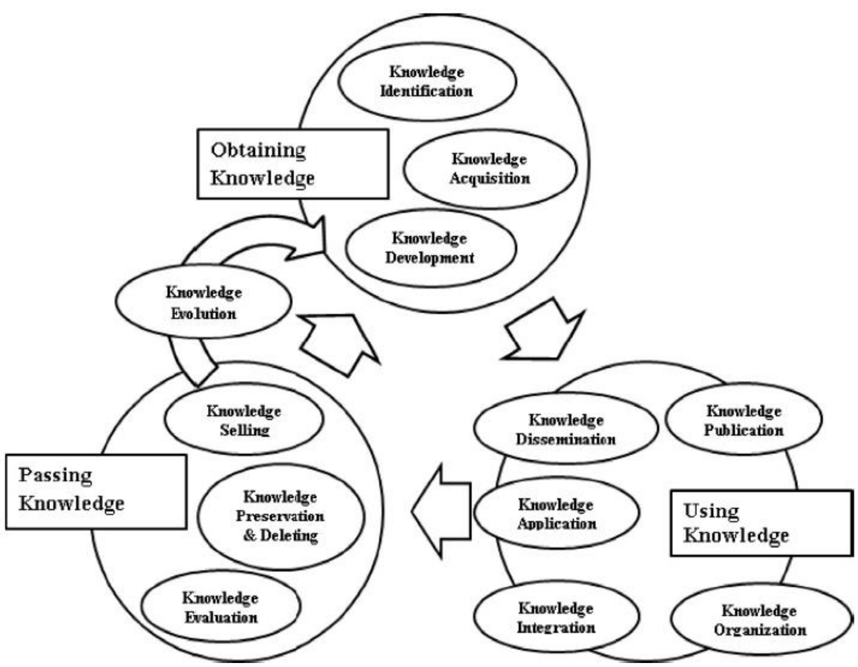

Figure.2.12. AiOLoS model (Chouseinoglou et al., 2013)

As seen in figure 2.12, the AiOLoS model consists of three main processes, obtaining knowledge, using knowledge, and passing knowledge. The three main learning processes form the learning cycle and are tested using 12 learning core processes. According to Chouseinoglou et al., (2013), the "obtaining knowledge process" occurs by collecting information and data from the organizations' internal and external sources and transferring them into tacit and explicit knowledge.

On the other hand, the "using knowledge" process incudes transferring the obtained knowledge into a new process or task, integrating it with other knowledge, sharing it with all organization departments, or spreading it outside the boundary of the organization through the "passing knowledge" process (Chouseinoglou et al., 2013).

The last model discussed in this part, the Syllk model, which belongs to Duffield and Whitty (2015). Their model extended from The Swiss cheese model of defenses developed by Reason (1997,2000) (Figure 2.13). According to Duffield and Whitty (2015), The Swiss cheese model has already been implementing in "health care, nuclear power, rail, and aviation organizations." On the other hand, the Syllk model is developed for project organizations to enable them to learn from past experiences and failures (Duffield and Whitty 2015).

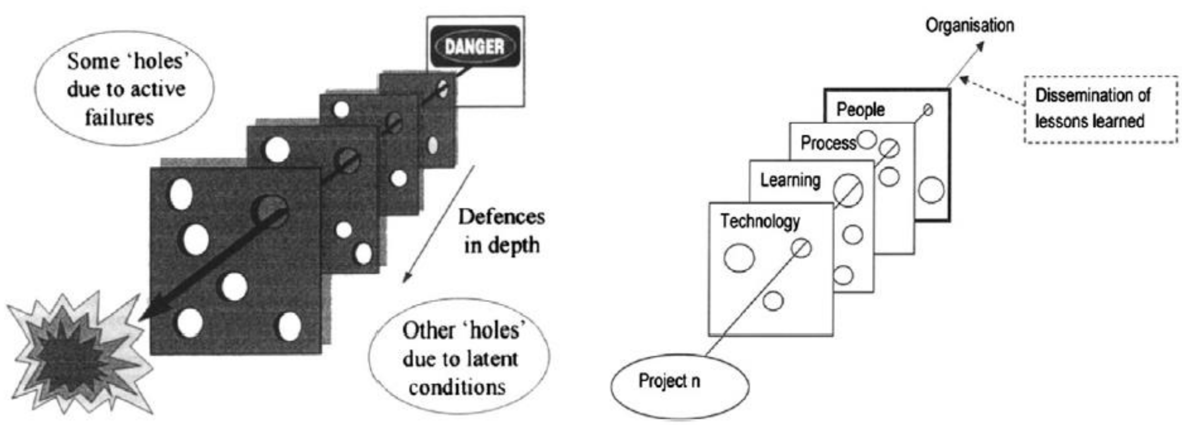

Figure.2.13. The Swiss cheese model and The Syllk model (Duffield and Whitty, 2015)

Figure 2.13 includes two parts; the left one depicts the Swiss Cheese Model, while the right describes the Syllk model. However, the Syllk model is developed for organizational learning using a Focus group to conclude that project organization can learn from past mistakes (Holes) that occurred in past projects by analyzing and disseminating these mistakes throughout the organization. The model includes all participants of the project (People, learning, process, and technology) that can be sources of facilitators and obstacles working together to encourage the continuous learning processes.

2.4.7. Organizational Learning Vs. Learning Organization

Based on the above definitions and frameworks, organizational learning includes procedures in which organizations able to obtain, transfer, and apply the knowledge that is disseminated to all organizational members. It changes the organizational behavior by developing new knowledge through reacting with the organizational environment.

In contrast, the learning organization describes the structure, strategy, and culture of organizations. According to Dodgson (1993), learning organization can derive a purposive structure and strategy that improve organizational learning. He furthers that “adaptability” is one of the primary learning organization characteristics. Swieringa & Wierdsma (1992) argue that the learning organization adopts a flexible and adaptive structure that is regularly revised and updated to make the whole organization more adaptive.

The researcher summarized the characteristics of learning organization in the following points

- It aims to enrich the workers ability to understand and manage the organization and its environment.
- It is Purposefully designed through its structure, culture, and strategy to improve and maximize the potential of organizational learning, as organizational learning is a component of the learning organization.
- Organizational learning adopts learning at all organizational levels. It is related to how the learning process occurs in organizations.
- It develops the capacity for adaptation and constant change by all of its members.

2.5. Corporate Governance And Competitive Advantage

Studies that explore the relationship between corporate governance and competitive advantage are limited. That might be because of the nature of the corporate governance concept. Corporate governance looks into ways that enhance the economic value of the organizations. For instance, Eisenhardt (1989) argues that corporate governance practices can lower the agency cost, hence enhancing the financial returns of the firms. Paniagua et al., (2018) found that corporate governance is linked to the financial performance of firms.

Moreover, most theories of corporate governance have only emerged to solve many agency problems, such as competition among managers, profit sharing, and the capital market (Miozzo and Dewick 2002). Weisbach (1988) found that having outside directors helps in management monitoring. Using Tobin's Q and ROA, Terjesen et al., (2015) found that female directors improve the efficiency of BOD.

However, He et al., (2009) conducted a study to explore the relationship between corporate governance and competitive behavior at the firm level. He et al., (2009) assumes that corporate governance mechanisms can be applied to monitor the flow of the firm capabilities and resources and can be used by BOD to encourage competitive actions. Similarly, ZORN (2014), in his thesis, proposed that corporate governance mechanisms used by managers and BOD directly affect the competitive actions of the firms. Zoran found that two corporate governance strategies, CEO incentive pay, and CEO equity ownership, are correlated to competitive actions.

Moreover, using a longitudinal research methodology in 6 countries, Bobillo, Rodríguez-Sanz, and Tejerina-Gaite (2017) found that corporate governance mechanisms foster the firms' innovation practices, which assumed a key differentiation strategy of the firms. Dzulkifli, Arifin, and Salmah (2020) analyzed the effect of corporate governance principles on the patients' satisfaction in Happy General Hospital of Makassar City. The results show that independence and fairness principles have a direct relationship with the satisfaction of patients.

Nginyo, Ngui, and Ntale (2018) conducted a quantitative and qualitative study using an open-ended items questionnaire to find the direct influence of corporate governance on competitive strategies. In their study, corporate governance included four dimensions: transparency, accountability, fairness, and responsibility. The results of data analysis found that corporate governance based on all its dimensions has a significant positive impact on competitive advantage.

Similarly, AL-Qatawneh (2015), in his study, targeted the Jordanian Pharmaceutical Companies to find the direct relationship between corporate governance and competitive advantage using a questionnaire. It has been found that all dimensions of corporate governance (Accountability, Justice, social responsibility, and Autonomy) impact competitive advantage (AL-Qatawneh, 2015).

Based on the above argument, the researcher proposed the first main hypothesis

H1: Corporate Governance has a significant effect on Competitive Advantage.

2.6. Corporate Social Responsibility And Competitive Advantage

Almost all firms around the world have recognized the importance of corporate social responsibility. According to Gardiner et al., (2003), corporate social responsibility is an essential antecedent of competitive advantage and corporate image. Corporate social responsibility is a marketing strategy that can change the competitive status of firms McWilliams et al., (2006). According to Porter and Kramer (2006), corporate social responsibility activities can be an opportunity that has a long term positive effect on competitive advantage. Jonker and Roome (2005) state in their article that CSR can provide firms with a unique chance for competitive advantage. Branco and Rodrigues (2006) argue that firms engage in CSR because they think that it might give them some competitive advantage.

Moreover, the competitive advantage theories of Porter and Van der Linde (1995) emphasize the importance of the firm legitimacy towards their stakeholders by arguing that the corporate social responsibility activities lead to gain a superior position through enhancing the firm reputation, spending enough incentives to produce innovative products, managing the conflicts with stakeholders, and the best using of firms resources.

Besides, some studies (Abugre & Nyuur, 2015; Walker et al., 2019) emphasize on the importance of legitimacy that results in corporate social responsibility activities by arguing that corporate social responsibility enhances the firm legitimacy and plant trust between the firm and its stakeholders. On the other hand, Zhang, Ma, Su, & Zhang (2014) argue that legitimacy and trust can enhance productivity, employee satisfaction, customer loyalty, corporate image, and competitiveness. Accordingly, corporate social responsibility practices can enhance the firms' evaluation done by stakeholders, which in turn leads to a competitive position (Flammer, 2018; Martinuzzi & Krumay, 2013). According to (Carroll & Shabana 2010, Aqueveque et al.,2018), the positive evaluation of the firms that is done by stakeholders as a result of firms' legitimacy and corporate social responsibility practices can lead to several competitive advantages such as enhancing reputation and value creation.

Furthermore, Zadek (2006) developed the concept of responsible competitiveness to approve that corporate social responsibility can intensify the competitiveness in regional or local markets. By selecting 131 small and medium enterprises from north Africa, multiple linear regression is conducted to find that corporate social responsibility has a significant direct influence on competitiveness and significant indirect influence through responsible innovation dimensions (Hadj, 2020).

Battaglia et al., (2014) conducted a study in Italy and France (small and medium) fashion enterprises. It has been found that corporate social responsibility has a significant and robust relationship with the innovation process and intangible performance. In their study, the intangible performance includes two competitive dimensions: relations with stakeholders and relations with credit organizations. In contrast, corporate social responsibility has no significant relationship with reputation, personnel motivation, and personnel productivity.

Porter & Kramer (2008) found that corporate social responsibility can enhance organizational success and lead to some strategic competitive advantage. In the same way, Opoku-Dakwa et al., (2018) conducted a study to evaluate the effect of corporate social responsibility initiatives on employee engagement. The results show that supporting corporate social responsibility initiatives leads to improve employee engagement.

Moreover, Nyuur, Ofori, and Millicent (2019) conducted a study in Ghana to target developing countries. Their study sample includes 179 management employees working in five different sectors. Using quantitative and qualitative approaches, they found that corporate social responsibility directly and positively affects competitive advantage.

By surveying 300 companies, Mobarak and Albahussain (2014) found that there is a robust and positive relationship between corporate social responsibility and competitive advantage.

Furthermore, Nyuur, Ofori, and Debrah (2014) found that corporate social responsibility is aligned with the competitive advantage and creates value for the firms.

Based on the above discussion, the researcher suggests the second main hypothesis:

H2: Corporate Social Responsibility has a significant effect on Competitive Advantage.

2.7. Corporate Governance, Organizational Learning, And Competitive Advantage

Lauer (2017) argued that the positive corporate governance practices can’t come out from nothing but with the exisestence of organizational learning. Kearney and Kruger (2013) found a relationship between corporate governance and organizational learning. This is due to the importance of applying a consistent learning practices to use the corporate governance practices effectively. Moreover, AL Nawaiseh et al., (2021) found that corporate governance practices have an impact on organizational learning. In their study, corporate governance including participation, equality, efficiency, strategic vision, transparency and accountability has an influence on organizational learning except for strategic vision and transparency.

In addition to the above discussion, it is important to mention how organizational learning plays an essence role in enhancing the competitive position of organizations. Many previous studies shed the light into the effect of organizational learning on competitive advantage. Jashapara (2003) found that organizational learning system has a positive impact on organizational performance and that the organizational learning focusing on efficiency and proficiency is a reason of competitive advantage in UK construction companies. Lopes et al., (2005) found that organizational learning lead to innovation and competitiveness of firms. Prieto and Revilla (2006) tested 111 firms to show how organizational learning has a relationship between financial and non financial performance of the firms.

In their conference paper, Ljubojevic, Ljubojevic, and Maksimovic (2013) asked whether the good practices of corporate governance can influence competitive advantage through organizational learning. They argue that companies should adopt good corporate governance practices. Those practices might be increasing the number of non-executive board members, considering a suitable average age of board members as well as a suitable number of board members. However, they claim that corporate governance can create a good system of learning through creating and disseminating knowledge in a way that leads to gain a competitive advantage.

Moreover, Abadi and Nematizadeh (2012) found that the relationship between corporate governance and strategic planning effectiveness is fostered by organizational learning. They stated: “In conclusion, corporate governance and organizational learning are not only compatible and able to be used in conjunction with one another, but are also complementary. In other words, the effect of a wide learning of organization is possibly to reinforce the effect of corporate governance on strategic planning effectiveness and vice versa”.

However, there is almost no study explains the mediating role of organizational learning in the relationship between corporate governance and competitive advantage. Despite the dependent and independent variables, several studies found that organizational learning mediates the relationships between variables. For instance, Tufan And Uğurlu (2019) found that organizational learning has a full mediation effect on the relationship between authentic leadership and organizational deviation behavior.

Rahul and B.L. Srivastava (2013) concluded that organizational learning mediates the relationship between three organizational culture types (clan, adhocracy, and market culture) and innovativeness. Moreover, Aragón, Jiménez, and Valle (2014) conducted a study to approve that organizational learning mediates the relationship between training and organizational performance. However, more other studies approve the mediating effect of organizational learning (e.g., Khaki, Khanzadeh, and Babaki Rad (2017); Bahrami, Kiani, Zadeh, and Mohammad Zadeh (2016); Sisnuhadi (2014).

Based on the above studies, this study includes the third main hypothesis

H3: Organizational Learning mediates the relationship between Corporate Governance and Competitive Advantage.

2.8. Corporate Social Responsibility, Organizational Learning, And Competitive Advantage

Gómez, Donate-Manzanares, and Škerlavaj (2010), in their case study, integrate corporate social responsibility into the organization strategy in order to gain a competitive advantage. Their model contained three stages: Introduction, Implementation, and generalization. They argue that in the implementation and generalization stages, several organizational capabilities are needed to accomplish, such as knowledge transfer, HR practices, learning, and training.

However, several scholars argue that organizational learning is needed for implementing corporate social responsibility practices (e.g., Cramer, 2005, Maon et al., 2010). Several management theories, such as dynamic capability, stakeholder, and sustainability, argue that organizational learning is a crucial business strategy for adopting and implementing corporate social responsibility. Hoivik (2011) and Fortis (2018) argue that organizational learning and knowledge dissemination are sources of implementing sustainable strategies as corporate social responsibility (Valdez-Juárez, Gallardo-Vázquez, and Ramos-Escobar 2019). (Zeimers et al., 2018) found a relationship between organizational learning and corporate social responsibility by claiming that corporate social responsibility requires learning to integrate corporate social responsibility practices into the organization.

Moreover, Martinuzzi and Krumay (2013) developed a framework by reviewing previous studies to link corporate social responsibility with four business operations in a way that leads to gain competitive advantage (Figure 2.14.)

Figure.2.14. CSR and CA (Martinuzzi and Krumay, 2013)

In their model, the four business operations that are important to be integrated with corporate social responsibility are “project management,” “quality management,” “strategic management,” and “organizational learning.” Martinuzzi and Krumay (2013) argue that corporate social responsibility is positively linked with organizational learning and stakeholder integration. That integration is called transformational corporate social responsibility, and it can lead to enhance firms' competitiveness.

In the study titled Organizational Learning and Corporate Social Responsibility Drivers of Performance in SMEs in Northwestern Mexico, Valdez-Ju arez et al., (2019) found that organization learning plays a mediating role between corporate social resoinsibility and financial performance. organization learning can strengthen the effect of corporate social responsibility practices and enhance the financial performance of the firms.

Besides the importance of integrating corporate social responsibility and organizational learning, several studies (e.g., Argote and Miron-Spektor (2011) and Namada (2018)) asserted that organizational learning, which includes training, knowledge dissemination, and knowledge acquisition, is a source of hunting the market opportunities, innovation, and high economic returns.

Regarding the mediation effect of organizational learning, Valdez-Juárez, Gallardo-Vázquez, and Ramos-Escobar (2019) conducted a study in Mexico, where they targeted small and medium enterprises. The analysis found that organizational learning has a direct and significant influence on corporate social responsibility. On the other hand, organizational learning mediates the relationship between corporate social responsibility and financial performance.

Moreover, Zhao et al., (2019) found that corporate social responsibility has a direct impact on competitive advantage, and under the dynamic environment, corporate social responsibility affects competitive advantage indirectly through organizational learning capability.

Based on the above discussion, the researcher suggests the fourth hypothesis

H4: Organizational Learning mediates the relationship between Corporate Social Responsibility and Competitive Advantage.

CHAPTER 3: METHODOLOGY

3.1. Research Design

As the researcher intends to find the causal relation between the study's variables, the quantitative methodology is used. This study is explanatory in nature, where it tries to answer whether or not the change in the predictor variables can explain the change in the dependent variables through the mediating and moderating effects and to what extent that change is. Therefore, this study used the following scientific techniques

1- Descriptive Analytical Method: To define corporate governance, corporate social responsibility, competitive advantage, and organizational learning using the most critical literature and previous studies to analyze and compare several views related to this study.

2- Cross-Sectional Survey: To extract this study's results based on a questionnaire designed to evaluate the hypotheses and answer the problem statement.

3- Analysis of data using the Statistical Program of Social Sciences (SPSS) and appropriate measures to test the hypotheses and draw conclusions.

This study's model is developed based on reviewing the previous studies (Figure 3.1). On the other hand, the study hypotheses are developed to align the study model. The researcher depended on the linear regression models to accept or reject the study hypotheses. In other words, a positive relationship can exist when the coefficient of the dependent variable (Competitive Advantage) is altered in the same direction and the same unit compared to the change in the independent variables (Corporate Governance and Corporate Social Responsibility).

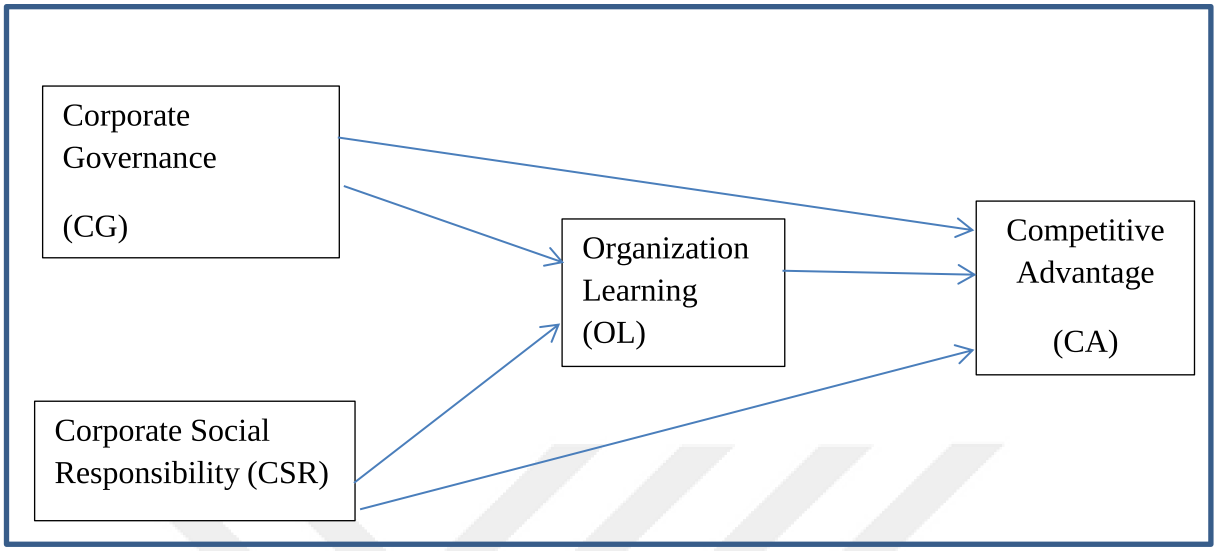

Figure. 3.1. The study Model

In order to assess the mediating variable (Organizational Learning), Baron& Kenney (1986) is used to test the three paths, including each independent variable (Corporate Governance Competitive Advantage), (Corporate Governance → Organizational Learning), (Organizational → Learning → Competitive Advantage) and (Corporate Social Responsibility → Competitive Advantage), (Corporate Social Responsibility → Organizational Learning), (Organizational Learning → Competitive Advantage).

3.2. The Study Instrument

The study used a questionnaire to collect individual-level data. According to Wilkinson and Birmingham (2003), questionnaires are easy to manage and cheap tools to collect data. They furthered that the well-structured and well-applied questionnaire can provide vast data sets that can be analyzed and interpreted easily.

However, this study employed a questionnaire which contains five demographic questions to get an idea about the sample and 67 Likert scale point items.

3.3. Measures

3.3.1. Corporate Governance

Corporate governance term has been identified differently by researchers. Therefore, there is no common explanation of the term. This study is conducted in Jordan, where the corporate governance code includes many OECD items. Jordan's CG code is divided into five sections that include some practices concerning the roles and responsibilities of the Board of Directors and Management Committee, Control Environment, Transparency and Disclosure, Rights of Shareholders and Partners, and Stakeholders.

According to the Jordanian's CG code, a general manager or board of directors is responsible for managing the corporates. The board of directors can be nominated by the shareholders taking into account stakeholders' interests, the corporate's objectives, and the sustainability issues. Moreover, the top management should be qualified enough to run the businesses. Board size ranges from three to thirteen members. Regarding commitment to corporate governance, each corporate must have a corporate governance chart in which the management runs the businesses with transparency and promotes ethical practices.

In order to show transparency in organizations, they need to provide obvious and full information about their actions, such as financial statements. Jordanian corporate governance code states: "Disclosure is an ongoing responsibility of any organization and organizations should in the least truthfully, accurately, completely, and timely disclose information as required by laws, regulations, and the organization's articles of association."

Furthermore, the board of directors composes at least two committees: the audit and nomination and remuneration committee. The committees evaluate specific issues and make recommendations to the board, which is only responsible for making the final decisions.

However, several studies were conducted in Jordan to find the impact of good corporate governance practices on organizational performance (e.g., Alabdullah, Yahya, and Ramayah (2014); Zaidan and Abu Nassar (2014), Mansur.H (2018), Warrad and Khaddam (2020)). Different methods are adopted in these studies to measure corporate governance. For instance, Warrad and Khaddam (2020) depend on board size, board diligence, audit committee size, and audit committee diligence to find the effect of corporate governance on the financial performance of Jordanian banks. Moreover, Alabdullah, Yahya, and Ramayah (2014) found that board size has a negative effect on organizational performance using the annual reports of 109 non-financial organizations in Jordan.

This methodology has been adopted in studies to find a kind of contradiction in their results. Some found that a larger board can have a negative effect in terms of increasing costs and conflicts and a positive effect concerning organizational performance. However, others found that smaller boards positively affect corporates performance. Moreover, depending on the bord size and diligence is not adequate to evaluate a complex term as corporate governance.

Another way of evaluating corporate governance is board diversity. Mkheimer (2018) used boardroom diversity, including gender, age, and nationality of directors, to find corporate governance's impact on organizations' overall performance. Al-Rahahleh (2017) used board gender diversity to assess corporate governance. Regardless of studies conducted in Jordan, Based on Abdıoğlu and Kılıç (2015), Fan (2012) finds a relationship between board diversity and corporate governance. Okoth and Coşkun (2016) followed Kiliç and Abdioğlu (2015) work to measure corporate governance based on Board Size, CEO Duality, Gender Diversity, Independent Directors, Busy Chairman, Age, and Board Committees. However, empirical research using this way in evaluating corporate governance is limited (Mkheimer 2018).

Another method to assess corporate governance is a questionnaire. According to Wilkinson and Birmingham (2003), questionnaires are easy to manage and cheap tools to collect data. They furthered that the well-structured and well-applied questionnaire can provide vast data sets that can be analyzed and interpreted easily. Al-Ramahi, Barakat, and Shahwan (2014) conducted a study to find the effect of corporate governance on the financial performance of the public shareholding companies listed in ASE based on distributing a questionnaire developed using the OECD code of corporate governance.

Similarly, Al-Kassar (2014) used the OECD principles of corporate governance to develop a 70 items questionnaire distributed to 70 industrial companies registered in ASE. Maher et al., (2000) conducted a study called “corporate governance: effects on firm performance and economic growth” by providing a survey. Sufy, Almbaideen, Abaadi & Makhlouf (2013) used a descriptive-analytical approach through designing a questionnaire distributed to the Board of Directors, financial analysts, and auditors in industrial companies registered in ASE.

However, this study adopted Azim, Ahmed, and U-Din (2015) questionnaire developed “to find the relationship between corporate governance and organizational performance.” The researcher selected this questionnaire as it includes all aspects and principles of the Jordanian corporate governance code. The questionnaire contains 28 items divided into three dimensions: “commitment to corporate governance,” “transparency and disclosure,” and “Structure and function of Board” as follows

- **Commitment To Corporate Governance**

1. “The company has a written corporate governance (CG) policy or manual that deals comprehensively with corporate governance issue.”
2. “The Corporate governance issues are discussed in the Annual report of the company.”
3. “The CG code or manual specify the major stakeholders, whose interests must be taken into account.”
4. “The CG policy or manual is easily available to the regulators and the general public in the case of a publicly listed company.”
5. “There is an identified officer of the company tasked with the responsibility of ensuring that the company follows their own CG policy or manual.”
6. “Company has designated officer to ensure the compliance committee or other appropriate sub -committee of the Board.”

- **Transparency And Disclosure**

1. “An internationally recognized accounting and auditing system is in place.”
2. “An internationally recognized accounting and auditing system is in place.”
3. “The company publishes meaningful quarterly reports, containing segment reporting as well as results per share, consistent with IAS form.”
4. “The Annual Report discusses the company's risk management system and its corporate governance practices.”
5. “The company's annual financial statement is published no later than 3 months and the quarterly report no later than 2 months after the end of the reporting period.”

6. “The company's Annual Report contains information on significant cross shareholdings (say 5% or more).”
7. “Conflicts of interest are fully revealed through a clear and well-established mechanism approved by the regulatory authorities.”
8. “Conflicts of interest are disclosed due to the involvement of auditing firms in the provision of non -audit services to the company.”
9. “All financial analysts are treated equally regarding information dissemination (is there fair disclosure).”
10. “Regular analyst meetings are held (e.g., quarterly or semestrally).”
11. “This information, along with the financial calendar, is readily and regularly available.”
12. “This information, along with the financial calendar, is readily and regularly put on the internet.”

- **Structure And Function Of Board**

1. “The Board has a sufficient number of independent directors.”
2. “The Board dedicates enough time.”
3. “The Board has a written code for the guidance of directors regarding their rights and duties, their prerogatives, and responsibilities.”
4. “There is a Code of Ethics for the entire Corporation.”
5. “The Board has an Audit Committee, composed of independent directors, that chooses the external auditor, receives reports directly from the external auditor, oversees the work of the internal auditor, and makes sure that audit and Regulator’s findings are duly and properly acted upon.”
6. “The Board have actively functioning committees or sub-committees (compliance, nomination, compensation, risk management), composed mainly of independent directors.”
7. “The Board is provided with all relevant information, within sufficient time for study and analysis, to enable directors to exercise their duties of guiding corporate strategy, monitoring performance, and providing oversight to top management.”
8. “Board meetings are held according to a regular schedule, agendas prepared in advance, minutes prepared and approved.”

9. “The Board has a performance evaluation system to evaluate its own performance.”

3.3.2. Corporate Social Responsibility

Researchers have been attempting to measure several dimensions of CSR using different methods. Waddock and Graves (1997) mentioned and assessed several ways of measuring corporate social performance, such as survey, content analysis, behavioral measures, case study, and reputation indices.

Reputation indices and databases are widely used methods to measure CSR. Several databases provide CSR measurements, such as the Kinder, Lydenberg, Domini (KLD) Database, and the Fortune Index. Based on survey analysis, financial statements, and government reports, those databases generate CSR reports for thousands of firms. KLD reputation index measures social activities based on eight characteristics: community relations, employee relations, environment, product treatment of women and minorities, military contracts, nuclear power, and south Africa Turker (2009). However, these indices are criticized by Miagnan and Ferrell (2000) by stating that they “suffer from the fact that their items are not based on theoretical arguments" (p. 285).

Another way of measuring CSR is known as single- and multiple issue indicators in which scholars can use single or multiple CSR issues. For instance, Some scholars (e.g., Bragdon and Marlin, 1972; Chen and Metcalf, 1984) used The pollution control performance, issued by the Council of Economic Priorities (CEP) as a single indicator of CSR (Turker, 2009). Even though some scholars used multiple indicators, this method was criticized. Maignan and Ferrell (2000) argue that a single indicator is not adequate to measure social behavior activities. Moreover, Turker (2009) argues that this method is limited to specific countries, and it does not cover the whole issues of CSR.

Content analysis of corporates’ reports is another method of evaluating the extent to which a corporation engages in social activities. This way becomes widely used by researchers in recent years since many organizations’ reports get to be accessible in literature. According to Gray et al., (1995), the issue of firms' social disclosure has been paid too much attention to companies, making it easy for researchers to acquire information. However, the reliability of these reports is controversial. McGuire et al., (1988) claimed that the actual practices of a corporate could differ from those in reports. Therefore, “Companies may mislead the potential readers of these reports in order to create a more favorable image” (Turker, 2009).

Developing scales to measure the CSR perception of individuals is the fourth approach. Based on Carroll’s model, Aupperle (1984) creates a scale to measure CSR values based on the managers’ points of view. According to Ruf et al., (1998), Aupperle’s scale is the first in using several dimensions to express CSR. However, the scale was criticized by Peterson (2004) by claiming that the scale can only measure the social responsibility of managers, but not the whole social responsibility of organizations. He mainly wrote: “ this instrument would not be useful for assessing an organization’s performance in the four domains independently; that is, the instrument would not be helpful for assessing organizational performance by employees who view their work organization as highly responsible on all four CSR domains or highly irresponsible on all four domains.”

Using the same approach, Quazi and O'Brien (2000) developed a scale by including corporate responsibility activities and the outcomes of committing to those activities. The Perceived Role of Ethics and Social Responsibility (PRESOR) is another scale that uses the managers' perception to evaluate corporate performance in terms of ethics and social responsibility (Singhapakdi et al.,1996).

Lastly, the scales of measuring CSR for the whole organization are limited. According to Turker (2009), the most well- known scale is developed by Maignan and Ferrell (2000). They used the Corporate citizenship concept to measure an organization's economic, legal, ethical, and discretionary responsibilities. In their scales, Maignan and Ferrell (2000) adopt Carroll’s model and the stakeholder theory. The scale was designed and tested in two different cultural settings.

Therefore, this study used Zhao et al.'s (2018) questionnaire that is based on Maignan and Ralston (2002). In Zhao et al., (2018), the CSR term contains five dimensions (Public Charities, Employee Development, Fair Operation, Environmental Protection, Customer Orientation), each includes three items as follows.

- **Public Charities**

1. **"**The company can bring more harmonious and wealth to local residents."
2. "The company carry out welfare activities to vulnerable groups."
3. "The company often donate to charities and to poor areas."

- **Employee Development**

1. "The company pays wages on time and buys enough social insurance for employees."
2. "The company actively make staff training and design career plan for them."
3. "The company makes good working environment for employees and pay attention to their health."

- **Fair Operation**

1. "The company discloses the operation information timely, truly, and completely."
2. "The company abides by laws, regulations, and safeguards the fair market environment."
3. "The company can always legally use and dispose of property and insist on property rights protection."

- **Environmental Protection**

1. **"**The company actively participates in social activities protecting the environment."
2. "The company uses more environmentally friendly technologies and materials as far as possible."
3. "The company strives to reduce waste of resources and improve the use of resources."

- **Customer Orientation**

1. "The company provides customers with products and services at reasonable pricing."
2. "The company has established a communication channel and feedback customers on time."
3. "The company makes strict and standardized customer information protection."

3.3.3. Competitive Advantage

According to Barney 1991, Coyne 1986, and Porter and van der Linde1995, Chang (2011) developed six items to evaluate the competitive advantage. Those six items compare an organization with its rivals based on product quality, managerial capability, profitability, corporate image, and competitors' ability to acquire a company's competitive advantage. Li et al., (2006) adopted 21 items from Zhang (2001) to measure the competitive advantage based on price/cost, quality, delivery dependability, product innovation, and time to market. The item scales are five-point Likert type scales with 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree, 6 = not applicable. Moreover, Kouftero, Vonderembse, and Doll (2002) measure manufacturing firms' competitive advantage based on flexible product innovation, quality, delivery dependability, competitive price, and premium price.

Lin and Chen (2008) focused on product competitive advantage, which is defined as "how well it captures both a product's desirability to customers and superior manufacturing performance relative to competitors' products." For measuring this construct, five items were developed by adopting different previous studies based on product quality, product novel features, meeting customer's needs, technical performance, and offering solutions. The items are also five-point Likert scales. Taie (2014) measures the competitive advantage using eight items using five-point Liker scales based on cost leadership, resources, and capabilities of an organization, ability of an organization to create customer's value, ability of an organization to identify its competitors, differentiation strategy, service flexibility, speed of offering a service, and service diversity. In her study, Taie (2014) proposes that a firm's priority is to analyze its competitors to distinguish itself by developing and implementing different techniques that will be perceived by its customers.

In summary, low cost, product/service quality, Innovation, managerial capabilities, being the first mover, corporate image, growth, and profitability are the most commonly used dimensions in evaluating the competitive advantage. Therefore this study uses Chen and Lai's (2006) definition and items of the competitive advantage, which is defined as "that the company occupies some positions where the competitors cannot copy its successful strategy and the company can gain the sustainable benefits from this successful strategy." In their study, eight items were used to examine the level of competitive advantage, which are "(1) the company has the competitive advantage of low cost compared to other competitors; (2) the quality of the products or services that the company offers is better than that of the competitor's products or services; (3) the company is more capable of R&D and innovation than the competitors; (4) the company has better managerial capability than the competitors; (5) the company's profitability is better; (6) the growth of the company exceeds that of the competitors; (7) the company is the first mover in some important fields and occupies the important position; (8) the corporate image of the company is better than that of the competitors." the reliability was analyzed using Cronbach's **α** coefficient which was 0.8006. Moreover, ten managers were asked to answer the questionnaire and make sure of its validity. The competitive advantage construct was reliable and valid.

3.3.4. Organizational Learning

Organizational learning has been analyzed with other organizational concepts using several approaches, such as psychological and sociological approaches (Gomez, Lorente, and Cabrera, 2005). Lately, organizational learning has become a strategic concept that might lead to gain competitive positions.

However, Ashkenas et al., (1993) defined organizational learning as "The ability of an organization to learn from its experiences and taking them through times and borders." Ashkenas et al., (1993) furthered that if organizations are unable to learn, they will not invest and put efforts into creativity and innovation. Leonard-Barton (1992) measured the organizational learning capabilities using a case study (Gomez, Lorente, and Cabrera, 2005) by interviewing managers and employees of Chapparrel Steel Factory (Tohidi, 2011). Leonard-Barton (1992) extracted some elements believed in contributing to organizational learning: sharing internal knowledge, creativity, group or individual problem-solving, and systematic thinking and experimentation.

Scholars developed several qualitative approaches, and no consensus elements were captured to measure organizational learning. However, Goh and Richards (1997) designed a 55 items questionnaire to evaluate organizational learning depending on reviewing previous studies. They extracted five organizational learning elements, namely 1- "Clarity of Purpose and Mission" 2- "Leadership Commitment and Empowerment" 3- "Experimentation and Rewards" 4- "Transfer of Knowledge" 5- "Teamwork and Group Problem Solving". Their items focused on individual and group learning, which contribute to developing organizational learning as a whole.

Similarly, Lähteenmäki et al., (2001) reviewed the literature to develop a Likert scale measure. Aggregating materials and measures used in several previous studies, Lähteenmäki et al., (2001) designed a questionnaire that contained 110 items based on answering three main questions: "who is learning – is it the individual or the organization?", "what factors affect learning – what are the elements of a learning organization?", "How does learning happen – what is known about the learning process?". Lähteenmäki et al., (2001) developed a comprehensive model to include individual learning and structural learning levels (Figure 3.2).

The model describes the learning process at different organizational levels, which, at the same time, affect each other. Once the organization reaches the structural level in the learning process, some structural changes need to be done, and, thus, affect the individual level. However, the model emphasizes the structural change occurring in each learning level.

Templeton (2002) conducted a study to measure the organizational learning concept. Like Lähteenmäki et al., (2001) and Goh and Richards (1997), Templeton (2002) developed a questionnaire including 46 Likert scale items to measure eight elements:

1-Awareness: awareness of individuals of critical information and their use in solving the problems

2. Discussion: Free and open discussion between all of the individuals in an organization

3. Function evaluation: Comparing the results from the relating processes with the organization"s function in case
of achieving the goals

4. The groundwork for the growth of creativity: development of expertise, experience, and individuals" skill

5. Adaptability to the environment: reaction to technological changes

6. Social learning: learning of individuals through social networks in fields that the organization is concerned about.

7. Management of knowledge growth: managing science, skill, and other knowledge-related assets of the organization for long term benefit

8. Organizations connection with the outside: Using science, experience, and other capacities of other organizations.

However, this study adopts Gomez, Lorente, and Cabrera's (2005) questionnaire, which measures four elements (Managerial commitment, System perspective, Openness and experimentation, Knowledge transfer, and integration) extracted by revising the above previous studies and others. The questionnaire contains 16 valid Likert scale items as follows

- **Managerial Commitment**

1. "The managers frequently involve their staff in important decision-making processes."

2. “Employee learning is considered more of an expense than an investment.” (R)

3. “The firm’s management looks favorably on carrying out changes in any area to adapt to and/or keep ahead of new environmental situations.”

4. “Employee learning capability is considered a key factor in this firm.”

5. “In this firm, innovative ideas that work are rewarded.”

- **Systems perspective**

1. “All employees have generalized knowledge regarding this firm’s objectives.”

2. “All parts that make up this firm (departments, sections, work teams, and individuals) are well aware of how they contribute to achieving the overall objectives.”

3. “All parts that make up this firm are interconnected, working together in a coordinated fashion.”

- **Openness and experimentation**

1. “This firm promotes experimentation and innovation as a way of improving the work processes.”

2. “This firm follows up what other firms in the sector are doing, adopting those practices and techniques it believes to be useful and interesting.”

3. “Experiences and ideas provided by external sources (advisors, customers, training firms, etc.) are considered a useful instrument for this firm’s learning.”

4. “Part of this firm’s culture is that employees can express their opinions and make suggestions regarding the procedures and methods in place for carrying out tasks.”

- **Knowledge transfer and integration**

1. “Errors and failures are always discussed and analyzed in this firm, on all levels.”

2. “Employees have the chance to talk among themselves about new ideas, programs, and activities that might be of use to the firm.”

3. “In this firm, teamwork is not the usual way to work.” (R)

4. “The firm has instruments (manuals, databases, files, organizational routines, etc.) that allow what has been learned in past situations to remain valid, although the employees are no longer the same.”

** (R) items will be reverse coded.

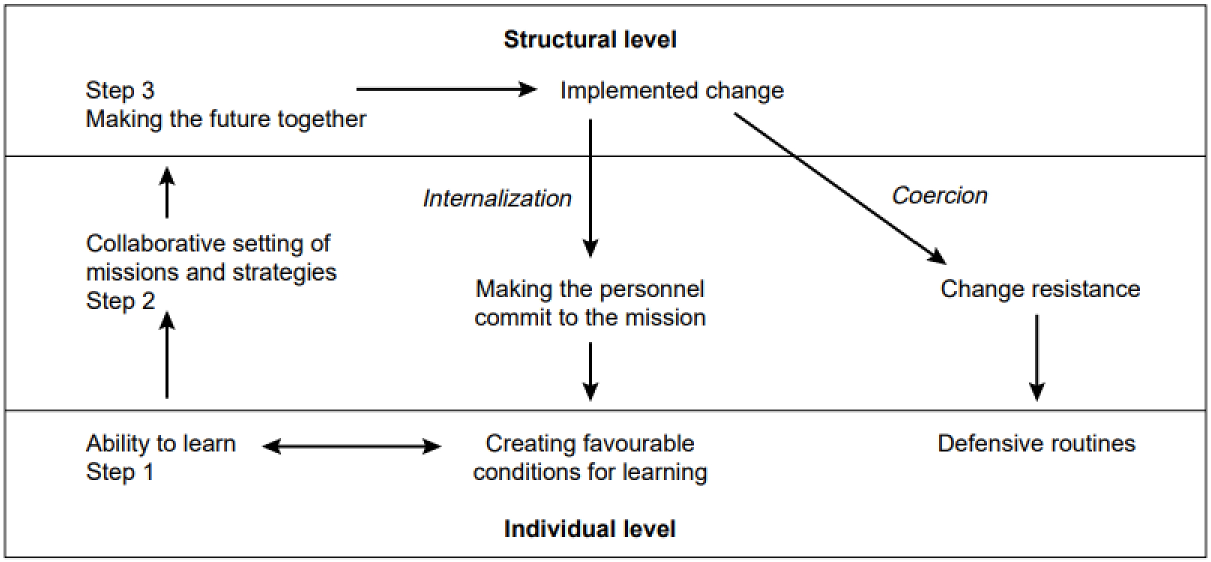

Figure.3.2. The effective two-way process of organizational learning (Lähteenmäki et al., 2001)

3.4. Study Sample

The target population of this study includes 1500 middle and top managers working at the 47 Jordanian industrial companies listed in Amman Stock Exchange ASE. The sample size is calculated based on the random sampling method with 95% confidence level. 312 individualized questionnaires were collected, which are enough to represent the study population.

CHAPTER 4: STATISTICAL ANALYSIS

In this chapter, the researcher examines the study questions and hypotheses through several statistical techniques using SPSS. The chapter includes the following measures

1- Measures to describe the characteristics of the study sample, using frequency distribution.

2- Factor Analysis to clarify the relationship between variables and examine the questionnaire validity

3- A reliability test using Cronbach's Alpha coefficient was used to evaluate the coefficient of internal consistency of this study.

4- Multiple regression analysis to confirm the validity of the research hypotheses

4.1. Demographic Data Analysis

Table 4.1 shows that the number of males exceeds females, which constitutes (59.1%) of the study sample, while Females constitute (40.9%) of the total sample.

According to the age Variable, Table 4.1 shows that the age group (36 to 45) ranked first and accounted for 38.8% of the total sample. The next sample is related to the group aged (27 to 35 years), which forms 36% of the study sample. The age group (46 or Older) comes in third place to constitute 22.8%, and finally, the group aged (Under 26 years) represents 2.5% of the total sample.

The results of Table 4.1 show that the Supervisors constitute 41.8% of the total sample, followed by the head of the department (37.8%), and finally the managers with 20.3%.

Regarding the Practical experience, analysis is shown in Table 4.1, where 37.8% of the respondents have (11-15) years' work experience. The next group represents those with 6-10 years of practical experience and constitutes 36.3% of the sample. Respondents with 16 years and above experience represent 23.1%. Finally, those with 5 years and less experience represent 2.8%.

Table 4.1.Demographic Analysis

		Frequency	Percentage
Gender	Female	192	59.1
	Male	133	40.9
Age	26 or less	8	2.5
	27 to 35	117	36.0
	36 to 45	126	38.8
	46 and more	74	22.8
Job Title	Managers	66	20.3
	Head of department	123	37.8
	Supervisor	136	41.8
Experience	5 years and less	9	2.8
	6 to 10 year	118	36.3
	11 to 15 years	123	37.8
	16 years and above	75	23.1
Education	College Degree	5	1.5
	Bachelor's degree	256	78.8
	Graduate degree	64	19.7

Finally, table 4.1 shows that the holders of a bachelor's degree constitute 78.8% of this study's total sample, followed by the holders of graduate degree by 19.7%, and finally diploma degree holders by 1.5% of the total sample.

4.2. Factor Analyses

By conducting exploratory factor analysis, researchers can examine the extent to which each variable is correlated to another (Hooper, 2012). According to DeVellis (2003), factor analysis is useful in scale development by refining each factor's desired items. However, to conduct the factor analysis for each variable, principal component analysis with varimax rotation was used, considering that minimum cumulative variance is 60%, and factor loadings below 0.50 are excluded (Hair et al., 2006).

4.2.1. Factor Analysis – Corporate Governance

For making sure that the study sample is sufficient, the researchers recommended the use of The Kaiser-Meyer-Olkin measure (KMO), which ranges between 0 and 1. The value close to (0) indicates that the correlation range is extensive, representing a problem for factor analysis. The results extracted from our analysis are (KMO=0.939, Bartlett test= 22411.431, df=378, p=0.000) (Table 4.2). Moreover, the anti-image correlation matrix shows that all diagonal values are above 0.5. Therefore, the KMO and Bartlett test results entitle the researcher to proceed in factor analyses.

Factor analysis of corporate governance extracts three components named Commitment to corporate governance, Structure and Functioning of the Board, and Transparency and Disclosure. The three dimensions' cumulative variance is 93.028 % (Table 4.2).

Regarding the Reliability test, Fornell & Larcker (1981) found that the minimum threshold of alpha is 0.65. In this study, Cronbach's alpha was used to evaluate the internal consistency of each component. Table 4.2 shows that all alpha values are above 0.900, which are all satisfactory.

Table 4.2. Factor Analysis Results Of Corporate Governance

Factor / Item	Factor Loading	Variance (%)	Alpha
Structure and Functioning of the Board		33.137	.989
SFB_15	.863		
SFB_8	.850		
SFB_12	.848		
SFB_7	.844		
SFB_14	.843		
SFB_10	.834		
SFB_9	.829		
SFB_13	.828		
SFB_11	.826		
SFB_16	.819		
Commitment to corporate governance		21.28	.992
CG_4	.834		
CG_5	.825		
CG_6	.823		
CG_3	.818		
CG_2	.815		
CG_1	.797		
Transparency and Disclosure		17.208	.993
TD_28	.871		
TD_19	.869		
TD_27	.865		
TD_26	.863		
TD_18	.858		
TD_25	.855		
TD_21	.854		
TD_20	.853		
TD_17	.845		
TD_24	.844		
TD_23	.839		
TD_22	.831		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy			.939
Bartlett's Test of Sphericity		**Approx. Chi-Square**	22411.431
		df	378
		p-value	.000

4.2.2. Factor Analysis- Corporate Social Responsibility

The researcher used the Kaiser-Meyer-Olkin measure (KMO) and Bartlett test to examine the sample adequacy. The results extracted from our analysis are (KMO=0.832, Bartlett test=17083.225, df= 105, p=0.000) (Table 4.3), which thus hold. Moreover, the anti-image correlation matrix shows that all diagonal values are above 0.5. Therefore, the KMO and Bartlett test results entitle the researcher to proceed in factor analyses. Factor analysis test using principal component analysis and Varimax rotation found only three components named Public, Customer, and employee Orientation, Fair Operation, and Environmental Protection with 94.151% as a cumulative variance (Table 4.3).

Table 4.3. Factor Analysis Results Of Corporate Social Responsibility

Factor / Item	Factor Loading	Variance (%)	Alpha
Public, Customer, and Employee Orientation		38.478	.972
PCEO_42	.883		
PCEO_41	.883		
PCEO_43	.875		
PCEO_33	.702		
PCEO_34	.700		
PCEO_32	.699		
PCEO_29	.668		
PCEO_30	.666		
PCEO_31	.659		
Environmental Protection		27.522	.998
EP_38	.889		
EP_40	.887		
EP_39	.885		
Fair Operation		24.336	.995
FO_36	.893		
FO_37	.890		
FO_35	.887		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy			.832
Bartlett's Test of Sphericity		**Approx. Chi-Square**	17083.225
		df	105
		p-value	.000

Regarding the Reliability test, Fornell & Larcker (1981) found that the minimum threshold of alpha is 0.65. The analysis result of this study showing in table 4.3, found that all stability coefficients are above 0.900, which are satisfactory.

4.2.4. Factor Analysis- Competitive Advantage

We used the Kaiser-Meyer-Olkin measure (KMO) and Bartlett test to examine the sample adequacy. The results extracted from our analysis are (KMO=.928, Bartlett test=6004.684, df=28, p=0.000), which thus hold. Moreover, the anti-image correlation matrix shows that all diagonal values are above 0.5. Therefore, the KMO and Bartlett test results entitle the researcher to proceed in factor analyses.

Factor analysis test using principal component analysis and Varimax rotation found only one component named Competitive Advantage with 94.080% as a cumulative variance (Table 4.4). Regarding the Reliability test, Fornell & Larcker (1981) found that the minimum threshold of alpha is 0.65. As shown in table 4.8, the test found that the alpha value is 0.991, which is satisfactory.

Table 4.4. Factor Analysis Results Of Competitive Advantage

Factor / Item	**Factor Loading**	**Variance (%)**	**Alpha**
Competitive Advantage		.967	.991
CA_45	.977		
CA_50	.975		
CA_51	.973		
CA_49	.973		
CA_47	.967		
CA_44	.967		
CA_48	.965		
CA_46	.963		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy			.928
Bartlett's Test of Sphericity		**Approx. Chi-Square**	6004.684
		df	28
		p-value	.000

4.2.5. Factor Analysis - Organizational Learning

The researcher used the Kaiser-Meyer-Olkin measure (KMO) and Bartlett test to examine the sample adequacy. The results extracted from our analysis are (KMO=.896, Bartlett test= 15761.964, df= 120, p=0.000), which thus hold. Moreover, the anti-image correlation matrix shows that all diagonal values are above 0.5. Therefore, the KMO and Bartlett test results entitle the researcher to proceed in factor analyses.

Factor analysis of organizational learning extracts two components named Managers commitment and openness and System and knowledge perspectives. The two dimensions' cumulative variance is 89.813 % (See table 4.5).

Table 4.5. Factor Analysis Results Of Organizational Learning

Factor / Item	**Factor Loading**	**Variance (%)**	**Alpha**
Managers Commitment and Openness		49.557	.989
MCO_62	.882		
MCO_61	.874		
MCO_60	.870		
MCO_63	.867		
MCO_53	.834		
MCO_58	.826		
MCO_52	.825		
MCO_55	.816		
MCO_56	.805		
System and knowledge perspectives		40.255	.975
SKP_65	.877		
SKP_64	.864		
SKP_66	.863		
SKP_67	.860		
SKP_57	.736		
SKP_58	.730		
SKP_59	.726		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy			.896
Bartlett's Test of Sphericity		**Approx. Chi-Square**	15761.964
		df	120
		p-value	.000

Regarding the Reliability test, Fornell & Larcker (1981) found that the minimum threshold of alpha is 0.65. In this study, Cronbach's alpha was used to evaluate the internal consistency of each component. Table 4.9 shows that all alpha values are above 0.900, which are all satisfactory.

Based on the above factor analysis results, the new version of the study model has been developed (Figure (4.1)) and tested.

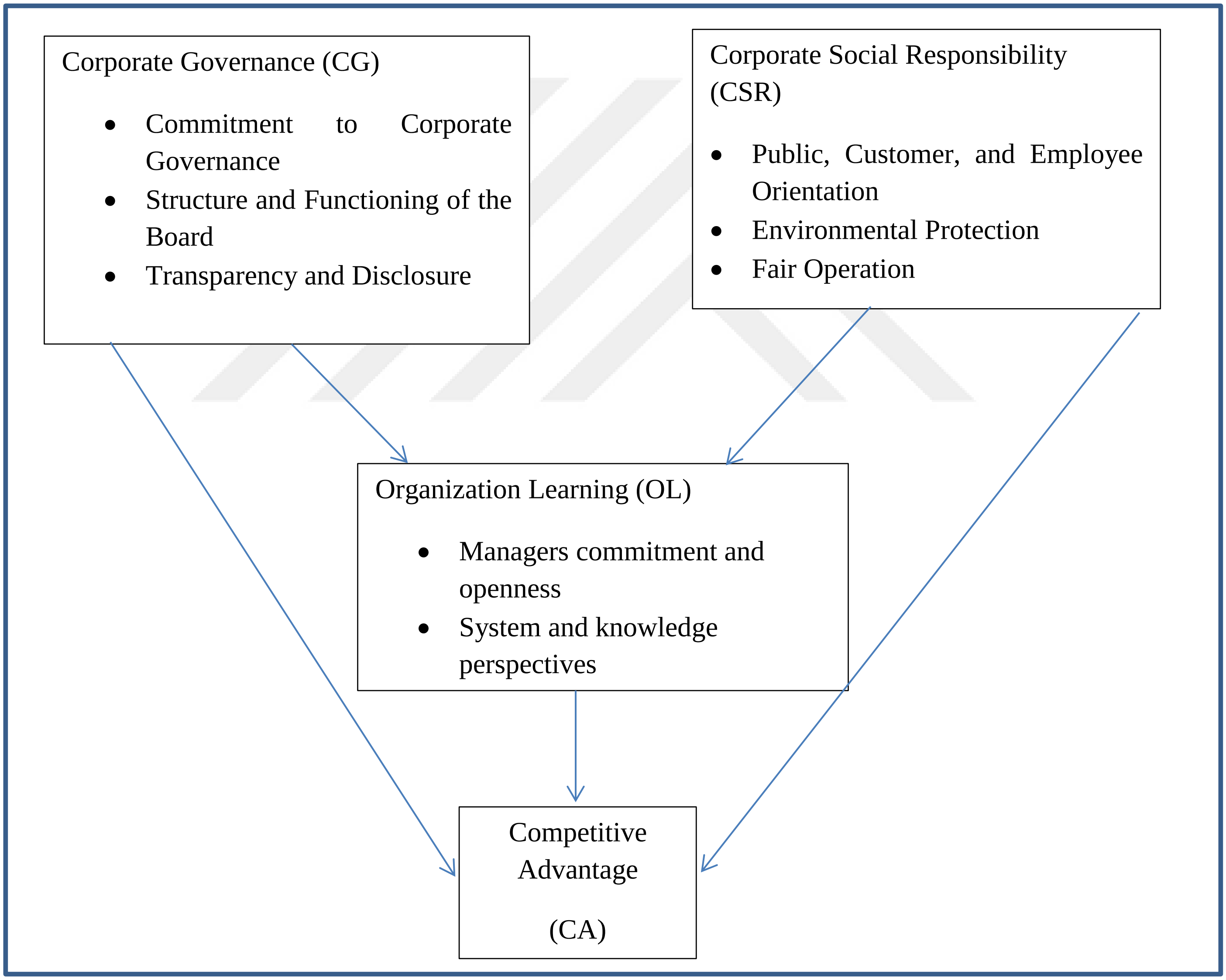

Figure.4.1. Revised Study Model

Based on the revised model, the following hypotheses are extracted

H1: Corporate governance has a significant effect on competitive advantage.

H1-1: Commitment to corporate governance has a significant effect on competitive advantage.

H1-2: Structure and functioning of the board has a significant effect on competitive advantage.

H1-3: Transparency and disclosure has a significant effect on customer satisfaction.

H2: Corporate social responsibility has a significant effect on competitive advantage.

H2-1: Public, customer, and employee orientation has a significant effect on competitive advantage.

H2-2: Environmental protection has a significant effect on competitive advantage.

H2-3: Fair operation has a significant effect on competitive advantage.

H3: Organizational learning mediates the relationship between corporate governance and competitive advantage

H3-1: Managers commitment and openness mediates the relationship between commitment to corporate governance and competitive advantage.

H3-2: Managers commitment and openness mediates the relationship between structure and functioning of the board and competitive advantage.

H3-3: Managers commitment and openness mediates the relationship between transparency and disclosure and competitive advantage.

H3-4: System and knowledge perspectives mediates the relationship between commitment to corporate governance and competitive advantage.

H3-5: System and knowledge perspectives mediates the relationship between structure and functioning of the board and competitive advantage.

H3-6: System and knowledge perspectives mediates the relationship between transparency and disclosure and competitive advantage.

H4: Organizational learning mediates the relationship between corporate social responsibility and competitive advantage

H4-1: Managers commitment and openness mediates the relationship between public, customer, and employee orientation and competitive advantage.

H4-2: Managers commitment and openness mediates the relationship between environmental protection and competitive advantage.

H4-3: Managers commitment and openness mediates the relationship between fair operation and competitive advantage.

H4-4: System and knowledge perspectives mediates the relationship between public, customer, and employee orientation and competitive advantage.

H4-5: System and knowledge perspectives mediates the relationship between environmental protection and competitive advantage.

H4-6: System and knowledge perspectives mediates the relationship between fair operation and competitive advantage.

4.3. Hypotheses Test

In order to test the study's hypotheses, the researcher verifies the regression assumptions (linearity, homoscedasticity, multivariate normality, and multicollinearity) to see the applicability of the parametric tests.

4.3.1. Results of Testing the First Main Hypothesis

For testing the first main hypothesis, multiple linear regression assumptions are tested.

- **Multicollinearity**

Multicollinearity assumption asserts that independent variables cannot be perfectly correlated with each other. Multicollinearity was examined using the Variance Inflation Factor (VIF) and the Tolerance values (table 4.6), considering that the VIF value does not have to outweigh (10). In contrast, The Tolerance value has to be higher than 0.05 (Hair et al., 2010).

Table 4.6. Multiple Linear Regression of Model 1

Dependent Variable	Independent Variables	β	Std. Error	t-value	p-value	VIF
Competitve Advantage	Commitment to corporate governance	.289	.050	6.256	.000	2.754
	Structure and Functioning of the Board	.326	.054	7.227	.000	2.635
	Transparency and Disclosure	.341	.049	7.660	.000	2.552

R=.867 R^2 **= .751** ***Adjusted*** R^2 ***= .749*** ***F:*****323.462** ***p: .000***

Table 4.6 shows that the VIF values of the independent variable dimensions range from 2.552 to 2.754. Furthermore, tolerance values extend from .363 to .392. In sum, there is no strong correlation between the dimensions of the independent variables.

- **Linearity Test**

For applying the multiple regressions, all predictors (Commitment to corporate governance, Structure and Functioning of the Board, and Transparency and Disclosure) must have a linear relationship with the dependent variable (Competitive Advantage). The researcher examined this assumption using the Pearson correlation test (R). Table 4.7 represents the results

Table 4.7. Correlation Between Corporate Governance Dimensions and Competitive Advantage

	1	**2**	**3**	**4**
1. Competitive Advantage	1			
2. Commitment to corporate governance	.782	1		
3. Structure and Functioning of the Board	.787	.745	1	
4. Transparency and Disclosure	.788	.735	.721	1

All correlations are significant at the.01 level.

Based on the results shown in Table 4.7, all the predictors have a significant linear relationship with the dependent variable.

The first main hypothesis states that **there is a statistically significant effect of corporate governance on competitive advantage.**

Based on the calculated value (F) (See table 4.6), there is significant evidence at ($\alpha \leq 0.05$) that the dimensions of corporate governance (Commitment to Corporate Governance, Structure and Functioning of the Board, and Transparency and Disclosure) have an impact on the competitive advantage.

Moreover, table 4.6 shows that the independent variable (Corporate Governance) explains 75.1% of the variation in the dependent variable (Competitive Advantage). Therefore, the researcher accepts the first hypothesis of this study, which is:

H1: There is a statistically significant effect of corporate governance on competitive advantage.

The results of table 4.6 show that Commitment to Corporate Governance, Structure and Functioning of the Board, and Transparency and Disclosure, the dimensions of the independent variable (Corporate Governance) have a statistically significant effect on the dependent variable (Competitive Advantage) at ($\alpha \leq 0.05$). This can be concluded by the significant calculated t values and Beta Values at ($\alpha \leq 0.05$).

Based on the results of Table 4.6, the researcher can't reject all the sub-hypotheses of the first main hypothesis

H1-1: There is a statistically significant effect of commitment to corporate governance on competitive advantage.

H1-2: There is a statistically significant effect of structure and functioning of the board on competitive advantage.

H1-3: There is a statistically significant effect of transparency and disclosure on competitive advantage.

4.3.2. Results Of Testing The Second Main Hypothesis

For testing the first main hypothesis, multiple linear regression assumptions are tested.

- **Multicollinearity**

Multicollinearity assumption asserts that independent variables cannot be perfectly correlated with each other. Multicollinearity was examined using the Variance Inflation Factor (VIF) and the Tolerance values (table 4.8), considering that the VIF value does not have to outweigh (10). In contrast, The Tolerance value has to be higher than 0.05 (Hair et al., 2010).

Table 4.8. Multiple Linear Regression of Model 2

Dependent Variable	Independent Variables	*β*	Std. Error	t-value	p-value	VIF
Competitve Advantage	Public, Customer, and employee Orientation	.594	.064	10.698	.000	3.007
	Fair Operation	.200	.052	4.286	.000	2.132
	Environmental Protection	.088	.056	1.805	.072	2.298

R= .819 R^2 **= .671** **Adjusted R^2 = *.668*** ***F:* 218.189** ***p: .000***

Table 4.8 shows that the VIF values of the independent variable (Corporate Social Responsibility) dimensions range from 2.132 to 2.298. Furthermore, tolerance values extend from .333 to .469. In sum, there is no strong correlation between the dimensions of the independent variables.

- **Linearity Test**

For applying the multiple regressions, all predictors (Public, Customer, and Employee Orientation, Fair Operation, and Environmental Protection) must have a linear relationship with the dependent variable (Competitive Advantage). The researcher examined this assumption using the Pearson correlation test (R). Table 4.9 represents the results

Table 4.9. Correlation Between Corporate Social Responsibility Dimensions and Competitive Advantage

	1	**2**	**3**	**4**
1. Competitive Advantage	1			
2. Public, Customer, and employee Orientation	.804	1		
3. Fair Operation	.682	.721	1	
4. Environmental Protection	.652	.744	.609	1

All correlations are significant at the .01 level

Based on the results shown in Table 4.9, all the predictors have a significant linear relationship with the dependent variable.

The second main hypothesis states that **there is a statistically significant effect of corporate social responsibility on competitive advantage.**

Based on the calculated value (F) (See table 4.8), there is significant evidence at ($\alpha \leq 0.05$) that the dimensions of corporate social responsibility (Public, Customer, and Employee Orientation, Fair Operation) have an impact on the competitive advantage. Moreover, table 4.8 shows that the independent variable (Corporate Social Responsibility) explains 67.1% of the variation in the dependent variable (Competitive Advantage). Therefore, the researcher can't reject the second hypothesis of this study, which is:

H1: There is a statistically significant effect of corporate social responsibility on competitive advantage.

The results of table 4.8 show that Public, Customer, and employee Orientation and Fair Operation, two dimensions of the independent variable (Corporate Social Responsibility) have a statistically significant effect on the dependent variable (Competitive Advantage) at ($\alpha \leq 0.05$). This can be concluded by the significant calculated t values and Beta Values at ($\alpha \leq 0.05$).

However, table 4.8 shows that the third dimension of corporate social responsibility (Envirnmental Protection) does not significantly affect the dependent variable (Competitive Advantage) at ($\alpha \leq 0.05$).

Based on the results of Table 4.8, the researcher can't reject the following sub-hypotheses of the second main hypothesis

H2-1: There is a statistically significant effect of public, customer, and employee orientation on competitive advantage.

H2-2: There is a statistically significant effect of fair operation on competitive advantage.

On the other hands, the following sub-hypothesis is rejected

H2-3: There is a statistically significant effect of environmental protection on competitive advantage.

4.3.3. Results of Testing the Third Main Hypothesis

The third main hypothesis states that organizational learning mediates the relationship between corporate governance and competitive advantage. However, one of the essential and popular methods to test a mediating variable's effect is Baron & Kenny (1986) approach. This method contains four steps in which regression analyses are tested in each of them (see table 4.10). According to Baron & Kenny (1986), steps 1 to 3 have to be significant to proceed to the fourth step.

Table 4.10. Baron & Kenny (1986) Approach

	Analysis	Step Direction	Equation
Step 1	Regression Analysis to test path c	$X \xrightarrow{c} Y$	Y=B0+B1X+e
Step 2	Regression Analysis to test path a	$X \xrightarrow{a} M$	M=B0+B1X+e
Step 3	Regression Analysis to test path b	$M \xrightarrow{b} Y$	Y=B0+B1M+e
Step 4	Regression Analysis when X and M predicting Y	$X \xrightarrow{C} Y$; $M \xrightarrow{b} Y$	Y=B0+B1X+B2M+e

Whereas:

X: The independent Variable   Y: The dependent variable   M: The mediating variable

Based on the table, four regression analyses are tested to find the following relationships:

1- The effect of corporate governance (Commitment to Corporate Governance, Structure and Functioning of the Board, and Transparency and Disclosure) on competitive advantage, represented in path c

2- The effect of corporate governance (Commitment to Corporate Governance, Structure and Functioning of the Board, and Transparency and Disclosure) on organizational learning (Managers Commitment and Openness, System and Knowledge Perspectives), represented in the path a

3- The effect of organizational learning (Managers Commitment and Openness, System and knowledge Perspectives) on competitive advantage, represented in path b

4- The effect of corporate governance (Commitment to Corporate Governance, Structure and Functioning of the Board, and Transparency and Disclosure) and organizational learning (Managers Commitment and Openness, System and Knowledge Perspectives) on competitive advantage represented in path C.

The following are the results of testing the Baron and Kenny steps

Results of Baron and Kenny- step1

The results of this step have already been tested where the regression assumptions are met, and the entire model is significant (see section 3.1). all the dimensions (Commitment to corporate governance, Structure and Functioning of the Board, and Transparency and Disclosure) of the independent variable (corporate governance) significantly affect competitive advantage (table 4.6). Therefore, Baron and Kenny's first step is satisfactory, enabling the researcher to proceed to the next step.

Results of Baron and Kenny- step2

Baron and Kenny's second step tests the effect of the independent variable (Corporate Governance) on the mediating variable (Organizational Learning), which includes two dimensions (Managers Commitment and Openness, System and Knowledge Perspectives). In order to test this relationship, all regression assumptions need to be met for each organizational learning dimension. The results of these assumptions are reported in the following section

Regression assumptions of corporate governance and Managers commitment and openness relationship

- **Multicollinearity**

Multicollinearity assumption asserts that independent variables cannot be perfectly correlated with each other. Multicollinearity was examined using the Variance Inflation Factor (VIF) and the Tolerance values (see table 4.11), considering that the VIF value does not have to outweigh (10). In contrast, The Tolerance value has to be higher than 0.05 (Hair et al., 2010).

Table 4.11. Multiple Linear Regression of Model 3

Mediating Variable	Independent Variables	β	Std. Error	t-value	p-value	VIF
Managers commitment and openness	Commitment to corporate governance	.331	.055	6.607	.000	2.754
	Structure and Functioning of the Board	.296	.059	6.056	.000	2.635
	Transparency and Disclosure	.301	.053	6.244	.000	2.552

R=.842 R^2***= .708*** ***Adjusted*** $\boldsymbol{R^2}$ ***= .705*** ***F: 259.708*** ***p: .000***

Table 4.11 shows that the VIF values of the independent variable dimensions range from 2.552 to 2.754. Furthermore, tolerance values extend from .363 to .392. In sum, there is no strong correlation between the dimensions of the independent variables.

- **Linearity Test**

For applying the multiple regressions, all predictors (Commitment to Corporate Governance, Structure and Functioning of the Board, and Transparency and Disclosure) must have a linear relationship with the dependent variable (Managers Commitment and Openness). The researcher examined this assumption using the Pearson correlation test (R). Table 4.12 represents the results

Table 4.12. Linearity Test Of Baron and Kenny Step 2 (CG and Managers commitment and openness)

	1	2	3	4
1. Managers commitment and openness	1			
2. Commitment to corporate governance	.772	1		
3. Structure and Functioning of the Board	.759	.745	1	
4. Transparency and Disclosure	.757	.735	.721	1

All correlations are significant at the .01 level

Based on the results shown in Table 4.12, all the predictors have a significant linear relationship with the dependent variable.

This part of the study tests the effect of corporate governance (Commitment to Corporate Governance, Structure and Functioning of the Board, and Transparency and Disclosure) on the first dimension (Managers Commitment and Openness) of the mediating variable (Organizational Learning).

Based on the calculated value (F) (See table 4.11), there is significant evidence at ($\alpha \leq 0.05$) that the dimensions of corporate governance (Commitment to Corporate Governance, Structure and Functioning of the Board, and Transparency and Disclosure) have an impact on the first dimension (Managers Commitment and Openness) of the mediation variable (Organizational Learning). Moreover, table 4.11 shows that the independent variable (Corporate Governance) explains 67.1% of the variation in the dependent variable (Managers Commitment and Openness). Therefore, the researcher can proceed to the next analysis.

The results of table 4.11 show that Commitment to corporate governance, Structure and Functioning of the Board, and Transparency and Disclosure, the dimensions of the independent variable (Corporate Governance) have a statistically significant effect on the first dimension (Managers Commitment and Openness) of the mediating variable (Organizational Learning) at ($\alpha \leq 0.05$). This can be concluded by the significant calculated t values and Beta Values at ($\alpha \leq 0.05$).

Regression assumptions of corporate governance and System and knowledge perspectives relationship

- **Multicollinearity**

Multicollinearity assumption asserts that independent variables cannot be perfectly correlated with each other. Multicollinearity was examined using the Variance Inflation Factor (VIF) and the Tolerance values (see table 4.13), considering that the VIF value does not have to outweigh (10). In contrast, The Tolerance value has to be higher than 0.05 (Hair et al., 2010).

Table 4.13. Multiple Linear Regression of Model 4

Mediating Variable	Independent Variables	β	Std. Error	t-value	p-value	VIF
System and knowledge perspectives	Commitment to corporate governance	.172	.055	3.392	.000	2.754
	Structure and Functioning of the Board	.410	.059	8.293	.000	2.635
	Transparency and Disclosure	.337	.053	6.926	.000	2.552

R= .838 R^2 ***= .702*** ***Adjusted*** R^2 ***= .699*** ***F: 251.536*** ***p: .000***

Table 4.13 shows that the VIF values of the independent variable dimensions range from 2.552 to 2.754. Furthermore, tolerance values extend from .363 to .392. In sum, there is no strong correlation between the dimensions of the independent variables.

- **Linearity Test**

For applying the multiple regressions, all predictors (Commitment to Corporate Governance, Structure and Functioning of the Board, and Transparency and Disclosure) must have a linear relationship with the dependent variable (System and Knowledge Perspectives). The researcher examined this assumption using the Pearson correlation test (R). Table 4.14 represents the results

Table 4.14. Linearity Test Of Baron and Kenny Step 2 (CG and System and knowledge perspectives)

	1	**2**	**3**	**4**
1. System and knowledge perspectives	1			
2. Commitment to corporate governance	.726	1		
3. Structure and Functioning of the Board	.782	.745	1	
4. Transparency and Disclosure	.760	.735	.721	1

All correlations are significant at the .01 level

Based on the results shown in Table 4.14, all the predictors have a significant linear relationship with the dependent variable.

This part of the study tests the effect of corporate governance (Commitment to Corporate Governance, Structure and Functioning of the Board, and Transparency and Disclosure) on the second dimension (System and Knowledge Perspectives) of the mediating variable (Organizational Learning).

Based on the calculated value (F) (table 4.13), there is significant evidence at ($\alpha \leq 0.05$) that the dimensions of corporate governance (Commitment to Corporate Governance, Structure and Functioning of the Board, and Transparency and Disclosure) have an impact on the second dimension (System and Knowledge Perspectives) of the mediation variable (Organizational Learning).

Moreover, table 4.25 shows that the independent variable (Corporate Governance) explains 67.1% of the variation in the dependent variable (System and Knowledge Perspectives). Therefore, the researcher can proceed to the next analysis.

The results of table 4.13 show that Commitment to Corporate Governance, Structure and Functioning of the Board, and Transparency and Disclosure, the dimensions of the independent variable (Corporate Governance) have a statistically significant effect on the second dimension (System and Knowledge Perspectives) of the mediating variable (Organizational Learning) at ($\alpha \leq 0.05$). This can be concluded by the significant calculated t values and Beta Values at ($\alpha \leq 0.05$).

Results of Baron and Kenny- step3

Step 3 of Baron and Kenny tests the effect of the mediating variable (Organizational Learning) on the dependent variable (Competitive Advantage). The results of this step are reported in the table 4.15 and 4.16

Based on the calculated (F) value (See tables 4.15), there is significant evidence at ($\alpha \leq 0.05$) that the first dimension of organizational learning (Managers commitment and openness) has an impact on the dependent variable (Competitive Advantage).

Moreover, table 4.15 show that the first dimension of organizational learning (Managers commitment and openness) explains 77.6% of the variation in the dependent variable (Competitive Advantage).

Table 4.15. Multiple Linear Regression of Model 5

Dependent Variable	Independent Variables	β	Std. Error	t-value	p-value
Competitive Advantage	Managers commitment and openness	.870	.026	33.459	.000
R=.881 R^2= ***.776*** ***Adjusted*** R^2 = ***.775*** ***F: 1119.532*** ***p: .000***					

Based on the calculated (F) values (See table 4.16), there is significant evidence at ($\alpha \leq 0.05$) that the second dimension of organizational learning (System and Knowledge Perspectives) has an impact on the dependent variable (Competitive Advantage)

Moreover, table 4.16 shows that the second dimension of organizational learning (System and Knowledge Perspectives) explains 80.2% of the variation in the dependent variable (Competitive Advantage). Therefore, the researcher can proceed to the next analysis.

Table 4.16. Multiple Linear Regression of Model 6

Dependent Variable	Independent Variables	β	Std. Error	t-value	p-value
Competitive Advantage	System and knowledge perspectives	.899	.025	36.135	.000
R=.895 R^2= ***.802*** ***Adjusted*** R^2 = ***.801*** ***F: 1305.753*** ***p: .000***					

The results of tables 4.15 and 4.16 show that Managers commitment and openness and System and knowledge perspectives , the dimensions of the mediating variable (Organizational Learning) have a statistically significant effect on the dependent variable (Competitive

Advantage) at ($\alpha \leq 0.05$). This can be concluded by the significant calculated t values and Beta Values at ($\alpha \leq 0.05$). The results of this step allow the researcher to proceed to the fourth step, which examines the effect of both independent and mediating variables on the dependent variable.

This part of the study tests the effect of organizational learning (Managers Commitment and Openness, and System and Knowledge Perspectives) on the dependent variable (Competitive Advantage)

Results of Baron and Kenny- step4

The last step of Baron and Kenney tests the effect of both the independent variable (Corporate Governance) and the mediating variable (Organizational Learning) on the dependent variable (Competitive Advantage). In order to test this relationship, all regression assumptions need to be met. The results of these assumptions are reported in the following section, **considering the first dimension (Managers Commitment and Openness) of the mediating variable (Organizational Learning).**

- **Multicollinearity**

Multicollinearity assumption asserts that independent variables cannot be perfectly correlated with each other. Multicollinearity condition was examined using the Variance Inflation Factor (VIF) and the Tolerance values (see table 4.17), considering that VIF value does not have to outweigh (10) while the Tolerance values have to be higher than 0.05 (Hair et al., 2010).

Table 4.17. Multiple Linear Regression of Model 7

Dependent Variable	Independent Variables	β	Std. Error	t-value	p-value	VIF
Competitive Advantage	Commitment to Corporate Governance	.117	.044	2.868	.004	3.128
	Structure and Functioning of the Board	.172	.047	4.365	.000	2.936
	Transparency and Disclosure	.184	.043	4.724	.000	2.862
	Managers Commitment and Openness	.521	.042	12.226	.000	3.427
R=.911 R^2= ***.831*** ***Adjusted*** R^2 ***=.828*** ***F: 392.165*** ***p: .000***						

Dependent Variable: Competitive Advantage/ Mediating dimension: Managers commitment and openness

Table 4.17 shows that the range of VIF values of the predictor variables (Commitment to Corporate Governance, Structure and Functioning of the Board, Transparency and Disclosure, and Managers Commitment and Openness) ranges from 2.862 to 3.427. Furthermore, tolerance values extend from .292 to .349. In sum, there is no strong correlation between the predictor variables (Commitment to corporate governance, Structure and Functioning of the Board, Transparency and Disclosure, and Managers Commitment and Openness). In sum, there is no strong correlation between the predictor variables.

- **Linearity Test**

All predictors (Commitment to Corporate Governance, Structure and Functioning of the Board, Transparency and Disclosure, and Managers Commitment and Openness) have a linear relationship with the dependent variable (Competitive Advantage)

Table 4.18. Linearity Test Of Baron and Kenny Step 4 (CG and managers commitment and openness)

	1	2	3	4
1. Competitive advantage	1			
2. Commitment to corporate governance	.782	1		
3. Structure and Functioning of the Board	.787	.745	1	
4. Transparency and Disclosure	.788	.735	.721	1
5. Managers commitment and openness	.881	.772	.759	.757

All correlations are significant at the .01 level

Based on the results shown in Table 4.18, all the predictors have a significant linear relationship with the dependent variable.

This step assumes that the predictor variables (Commitment to Corporate Governance, Structure and Functioning of the Board, Transparency and Disclosure, and Managers Commitment and Openness) have a significant effect on the dependent variable (Competitive Advantage)

Based on the calculated value (F) (table 4.17), there is significant evidence at ($\alpha \leq 0.05$) that applying the dimensions of corporate governance (Commitment to Corporate Governance, Structure and Functioning of the Board, Transparency and Disclosure) and the first dimension of organizational learning (Managers commitment and openness) have an impact on the competitive advantage. Moreover, table 4.17 shows that the independent variable (corporate governance) and the first dimension (Managers commitment and openness) of mediating variable (Organizational Learning) explain together 83.1% of the variation in the dependent variable (Competitive Advantage). Therefore, the researcher can proceed to the next analysis test.

The results of table 4.17 show that Commitment to corporate governance, Structure and Functioning of the Board, Transparency and Disclosure), the dimensions of the independent variable (Corporate Governance), and the first dimension of mediating variable (Managers Commitment and Openness) have a statistically significant effect on the dependent variable (Competitive Advantage) at ($\alpha \leq 0.05$). That can be exerted by the significant calculated t values and Beta Values at ($\alpha \leq 0.05$).

However, to test the mediating variable's effect using Baron & Kenney approach, the researcher compared Betas' values in the first step and those in the last steps. According to Baron & Kenney (1968), full mediation occurs when the independent variable in the fourth step stops being significant after the mediator variable is controlled. On the other hand, partial mediation occurs when the Beta values of the significant independent variable are reduced after the mediator variable is controlled. Table 4.19 compares Beta values before and after controlling the mediating variable.

Table 4.19. Betas Of CG Dimensions before and after controlling the Managers commitment and openness.

Independent Variable	Beta Coef before controlling the mediating variable	Significance relationship from the first step	Beta Coef after controlling the mediating variable	Significance relationship from the fourth step	Results
Commitment to corporate governance	.289	Significant	.117	Significant	Partial Mediation
Structure and Functioning of the Board	.326	Significant	.172	Significant	Partial Mediation
Transparency and Disclosure	.341	Significant	.184	Significant	Partial Mediation

Table 4.19 shows that beta values of all corporate governance dimensions (Commitment to corporate governance, Structure and Functioning of the Board, Transparency and Disclosure) are significant after and before the first dimension of the mediating variable (Managers commitment and openness) is controlled. However, the beta values after controlling the first dimension of the mediating variable (Managers commitment and openness) are reduced. Therefore, the researcher can conclude that Managers commitment and openness partially mediates the relationship between corporate governance (Commitment to corporate governance, Structure and Functioning of the Board, Transparency and Disclosure) and Competitive Advantage.

The last step of Baron and Kenney tests the effect of both the independent variable (Corporate Governance) and the mediating variable (Organizational Learning) on the dependent variable (Competitive Advantage). In order to test this relationship, all regression assumptions need to be met. **The results of these assumptions are reported in the following section, considering the second dimension (System and knowledge perspectives) of the mediating variable (Organizational Learning).**

- **Multicollinearity**

Multicollinearity assumption asserts that independent variables cannot be perfectly correlated with each other. Multicollinearity condition was examined using the Variance Inflation Factor (VIF) and the Tolerance values (table 4.20), considering that VIF value does not have to outweigh (10) while the Tolerance values have to be higher than 0.05 (Hair et al., 2010).

Table 4.20 shows that the range of VIF values of the predictor variables (Commitment to Corporate Governance, Structure and Functioning of the Board, Transparency and Disclosure, and System and Knowledge Perspectives) ranges from 2.852 to 3.351. Furthermore, tolerance values extend from .298 to .351. In sum, there is no strong correlation between the predictor variables (Commitment to Corporate Governance, Structure and Functioning of the Board, Transparency and Disclosure, and System and Knowledge Perspectives). In sum, there is no strong correlation between the predictor variables.

Table 4.20. Multiple Linear Regression of Model 8

Dependent Variable	Independent Variables	β	Std. Error	t-value	p-value	VIF
Competitive Advantage	Commitment to Corporate Governance	.190	.040	5.205	.000	2.852
	Structure and Functioning of the Board	.090	.046	2.325	.021	3.199
	Transparency and Disclosure	.146	.040	3.946	.000	2.934
	System and knowledge Perspectives	.576	.040	14.573	.000	3.351

R=.922 R^2= ***.851*** ***Adjusted*** R^2 ***=.849*** ***F: 455.428*** ***p: .000***

Dependent Variable: Competitive Advantage/ Mediating Dimension: System and knowledge perspectives.

- **Linearity Test**

All predictors (Commitment to Corporate Governance, Structure and Functioning of the Board, Transparency and Disclosure, and System and Knowledge Perspectives) have a linear relationship with the dependent variable (Competitive Advantage) (See table 4.21).

Based on the results shown in Table 4.21, all the predictors have a significant linear relationship with the dependent variable.

Table 4.21. Linearity Test Of Baron and Kenny Step 4 (CG and system and knowledge perspective)

	1	2	3	4
1. Competitive advantage	1			
2. Commitment to corporate governance	.782	1		
3. Structure and Functioning of the Board	.787	.745	1	
4. Transparency and Disclosure	.788	.735	.721	1
5. System and Knowledge Perspective	.895	.726	.782	.760

All correlations are significant at the 0.01 level

This step assumes that the predictor variable (Commitment to Corporate Governance, Structure and Functioning of the Board, Transparency and Disclosure, and System and Knowledge Perspectives) has a significant effect on the dependent variable (Competitive Advantage)

Based on the calculated value (F) (table 4.20), there is significant evidence at ($\alpha \leq 0.05$) that applying the dimensions of corporate governance (**Commitment to Corporate gGovernance, Structure and Functioning of the Board, Transparency and Disclosure**) and the second dimension of organizational learning (**System and Knowledge Perspectives**) have an impact on the competitive advantage. Moreover, table 4.20 shows that the independent variable (corporate governance) and the second dimension (**System and Knowledge Perspectives**) of mediating variable (Organizational Learning) explain together 85.1% of the variation in the dependent variable (Competitive Advantage). Therefore, the researcher can proceed to the next analysis test.

The results of table 4.19 show that Commitment to Corporate Governance, Structure and Functioning of the Board, Transparency and Disclosure), the dimensions of the independent variable (Corporate Governance), and the second dimension of mediating variable (System and

Knowledge Perspectives) have a statistically significant effect on the dependent variable (Competitive Advantage) at ($\alpha \leq 0.05$). That can be exerted by the significant calculated t values and Beta Values at ($\alpha \leq 0.05$).

However, to test the mediating variable's effect using Baron & Kenney approach, the researcher compared Betas' values in the first step and those in the last steps. According to Baron & Kenney (1968), full mediation occurs when the independent variable in the fourth step stops being significant after the mediator variable is controlled. On the other hand, partial mediation occurs when the Beta values of the significant independent variable are reduced after the mediator variable is controlled. Table 4.22 compares Beta values before and after controlling the mediating variable

Table 4.22. Betas Of CG dimensions before and after controlling the System and knowledge perspectives variable

Independent Variable	Beta Coef before controlling the mediating variable	Significance relationship from the first step	Beta Coef after controlling the mediating variable	Significance relationship from the fourth step	Results
Commitment to corporate governance	.289	Significant	.190	Significant	Partial Mediation
Structure and Functioning of the Board	.326	Significant	.090	Significant	Partial Mediation
Transparency and Disclosure	.341	Significant	.146	Significant	Partial Mediation

Table 4.22 shows that beta values of all corporate governance dimensions (Commitment to corporate governance, Structure and Functioning of the Board, Transparency and Disclosure) are significant after and before the second dimension of the mediating variable (System and

knowledge perspectives) is controlled. However, the beta values after controlling the first dimension of the mediating variable (System and knowledge perspectives) are reduced. Therefore, the researcher can conclude that System and knowledge perspectives partially mediates the relationship between corporate governance (Commitment to corporate governance, Structure and Functioning of the Board, Transparency and Disclosure) and Competitive Advantage.

Based on the above, the researcher can’t reject the following sub-hypotheses

H3-1: Managers commitment and openness mediates the relationship between commitment to corporate governance and competitive advantage.

H3-2: Managers commitment and openness mediates the relationship between structure and functioning of the board and competitive advantage.

H3-3: Managers commitment and openness mediates the relationship between transparency and disclosure and competitive advantage.

H3-4: System and knowledge perspectives mediates the relationship between commitment to corporate governance and competitive advantage.

H3-5: System and knowledge perspectives mediates the relationship between structure and functioning of the board and competitive advantage.

H3-6: System and knowledge perspectives mediates the relationship between transparency and disclosure and competitive advantage.

3.4. Results of testing the fourth main hypothesis

The fourth main hypothesis states that organizational learning mediates the relationship between corporate social responsibility and competitive advantage. However, one of the essential and popular methods to test a mediating variable's effect is Baron & Kenny (1986) approach. This method contains four steps in which regression analyses are tested in each of them (see table 4.10). According to Baron & Kenny (1986), steps 1 to 3 have to be significant to proceed to the fourth step.

Based on the table, four regression analyses are tested to find the following relationships:

1- The effect of corporate social responsibility (Public, Customer, and employee orientation, Environmental Protection, and Fair Operation) on competitive advantage, represented in path c.

2- The effect of corporate social responsibility (Public, Customer, and employee orientation ,Environmental Protection, and Fair Operation) on organizational learning (Managers commitment and openness, System and knowledge perspectives), represented in the path a

3- The effect of organizational learning (Managers commitment and openness, System and knowledge perspectives) on competitive advantage, represented in path b

4- The interaction effect of corporate social responsibility (Public, Customer, and employee orientation, Environmental Protection, and Fair Operation) and organizational learning (Managers commitment and openness, System and knowledge perspectives) on competitive advantage represented in path C.

The following are the results of testing the Baron and Kenny steps

Results of Baron and Kenny- step1

This step has already been tested where the regression assumptions are met, and the entire model is significant (see section 3.2). Two dimensions (Public, Customer, and employee orientation, and Fair operation) of the independent variable (corporate social responsibility) significantly affect competitive advantage (table 4.8). Therefore, Baron and Kenny's first step is satisfactory, enabling the researcher to proceed to the next step.

Results of Baron and Kenny- step2

Baron and Kenny's second step tests the effect of the independent variable (corporate social responsibility) on the mediating variable (organizational learning), which includes two dimensions (Managers commitment and openness, System and knowledge perspectives). In order to test this relationship, all regression assumptions need to be met for each organizational learning dimension. The results of these assumptions are reported in the following section

Regression assumptions of corporate social responsibility and Managers commitment and openness relationship

- **Multicollinearity**

Multicollinearity assumption asserts that independent variables cannot be perfectly correlated with each other. Multicollinearity was examined using the Variance Inflation Factor (VIF) and the Tolerance values (table 4.23), considering that the VIF value does not have to outweigh (10). In contrast, The Tolerance value has to be higher than 0.05 (Hair et al., 2010).

Table 4.23. Multiple Linear Regression of Model 9

Dependent Variable	Independent Variables	β	Std. Error	t-value	p-value	VIF
Managers commitment and openness	Public, Customer, and employee Orientation	.594	.064	10.698	.000	2.080
	Fair Operation	.200	.052	4.286	.000	2.080

R=.790 R^2 ***= .624*** ***Adjusted*** R^2 ***= .621*** ***F: 266.958*** ***p: .000***

Table 4.23 shows that the VIF values of the independent variable dimensions are 2.080. Furthermore, tolerance values are 0.481. In sum, there is no strong correlation between the dimensions of the independent variables.

- **Linearity Test**

For applying the multiple regressions, all predictors (Public, Customer, and Employee Orientation, and Fair Operation) must have a linear relationship with the dependent variable (Managers Commitment and Openness). The researcher examined this assumption using the Pearson correlation test (R). Table 4.22 represents the results

Table 4.24. Linearity Test Of Baron and Kenny Step 2 (CSR and Managers commitment and openness)

	1	2	3	4
1. Managers commitment and openness	1			
2. Public, Customer, and employee orientation	.766	1		
3. Fair operation	.686	.721	1	

All correlations are significant at the .01 level.

Based on the results shown in Table 4.24, all the predictors have a significant linear relationship with the Managers commitment and openness.

This part of the study tests the effect of corporate social responsibility (Public, Customer, and Employee Orientation and Fair Operation) on the first dimension (Managers Commitment and Openness) of the mediating variable (Organizational Learning).

Based on the calculated value (F) (table 4.23), there is significant evidence at ($\alpha \leq 0.05$) that the dimensions of corporate social responsibility (Public, Customer, and Employee Orientation and Fair Operation) have an impact on the first dimension (Managers Commitment and Openness) of the mediation variable (Organizational Learning).

Moreover, table 4.23 shows that the independent variable (corporate social responsibility) explains 62.4% of the variation in the first dimension of the mediating variable (Managers commitment and openness). Therefore, the researcher can proceed to the next analysis.

The results of table 4.23 show that Public, Customer, and employee orientation, and Fair operation, the dimensions of the independent variable (Corporate social responsibility) have a statistically significant effect on the first dimension (Managers commitment and openness) of the mediating variable (organizational learning) at ($\alpha \leq 0.05$). This can be concluded by the significant calculated t values and Beta Values at ($\alpha \leq 0.05$).

Regression assumptions of corporate social responsibility and System and knowledge perspectives relationship

- **Multicollinearity**

Multicollinearity assumption asserts that independent variables cannot be perfectly correlated with each other. Multicollinearity was examined using the Variance Inflation Factor (VIF) and the Tolerance values (see table 4.25), considering that the VIF value does not have to outweigh (10). In contrast, The Tolerance value has to be higher than 0.05 (Hair et al., 2010).

Table 4.25. Multiple Linear Regression of Model 10

Dependent Variable	Independent Variables	β	Std. Error	t-value	p-value	VIF
System and knowledge perspectives	Public, Customer, and employee Orientation	.737	.052	16.359	.000	2.080
	Fair Operation	.121	.050	2.684	.008	2.080

R*= *.828 R^2 **= *.686*** ***Adjusted*** R^2 **= *.684*** ***F: 351.545*** ***p: .000***

Table 4.25 shows that the VIF values of the independent variable dimensions are 2.080. Furthermore, tolerance values are 0.481. In sum, there is no strong correlation between the dimensions of the independent variables.

- **Linearity Test**

For applying the multiple regressions, all predictors (Public, Customer, and employee orientation, and Fair operation) must have a linear relationship with the second dimension of the mediating variable (System and knowledge perspectives). The researcher examined this assumption using the Pearson correlation test (R). Table 4.26 represents the results

Table 4.26. Linearity Test Of Baron and Kenny Step 2 (CSR and System and knowledge perspectives)

	1	2	3	4
1. System and knowledge perspectives	1			
2. Public, Customer, and employee orientation	824	1		
3. Fair operation	.652	0.721	1	

Based on the results shown in Table 4.26, all the predictors have a significant linear relationship with second dimension of the mediating variable (System and Knowledge Perspectives).

This part of the study tests the effect of corporate social responsibility (Public, Customer, and employee orientation and Fair Operation) on the second dimension (System and knowledge perspectives) of the mediating variable (organizational learning).

Based on the calculated value (F) (table 4.25), there is significant evidence at ($\alpha \leq 0.05$) that the dimensions of corporate social responsibility (Public, Customer, and Employee Orientation and Fair Operation) have an impact on the second dimension (System and knowledge Perspectives) of the mediation variable (Organizational Learning).

Moreover, table 4.25 shows that the independent variable (corporate governance) explains 68.6% of the variation in the dependent variable (System and Knowledge Perspectives). Therefore, the researcher can proceed to the next analysis.

The results of table 4.25 show that Public, Customer, and Employee Orientation, and Fair Operation, the dimensions of the independent variable (Corporate Social Responsibility) have a statistically significant effect on the second dimension (System and Knowledge Perspectives) of the mediating variable (Organizational Learning) at ($\alpha \leq 0.05$). This can be concluded by the significant calculated t values and Beta Values at ($\alpha \leq 0.05$).

Results of Baron and Kenny- step3

Step 3 of Baron and Kenny tests the effect of the mediating variable (organizational learning) on the dependent variable (competitive advantage). All regression assumptions are met (See tables 4.15 and 4.16). The results of this step found that managers ommitment and openness and system and knowledge perspectives , the dimensions of the mediating variable (Organizational Learning) have a statistically significant effect on the dependent variable (Competitive Advantage) at ($\alpha \leq 0.05$) (Tables 4.15, 4.16)

Results of Baron and Kenny- step4

The last step of Baron and Kenney tests the effect of both the independent variable (Corporate Social Responsibility) and the mediating variable (Organizational Learning) on the dependent variable (Competitive Advantage). In order to test this relationship, all regression assumptions need to be met. **The results of these assumptions are reported in the following section, considering the first dimension (Managers commitment and openness) of the mediating variable (Organizational Learning).**

- **Multicollinearity**

Multicollinearity assumption asserts that independent variables cannot be perfectly correlated with each other. Multicollinearity condition was examined using the Variance Inflation Factor (VIF) and the Tolerance values (see table 4.27), considering that VIF value does not have to outweigh (10) while the Tolerance values have to be higher than 0.05 (Hair et al., 2010).

Table 4.27 shows that the range of VIF values of the predictor variables (Public, Customer, and Employee Orientation, Fair Operation, and Managers Commitment and Openness) ranges from 2.289 to 2.924. Furthermore, tolerance values extend from .342 to .437. In sum, there is no strong correlation between the predictor variables (Public, Customer, and Employee Orientation, Fair Operation, and Managers Commitment and Openness). In sum, there is no strong correlation between the predictor variables.

Table 4.27. Multiple Linear Regression of Model 11

Dependent Variable	Independent Variables	*β*	Std. Error	t-value	p-value	VIF
Competitve Advantage	Public, Customer, and employee Orientation	.295	.047	7.215	.000	2.924
	Fair Operation	.037	.040	1.022	.307	2.289
	Managers commitment and openness	.630	.038	16.186	.000	2.658
R= .904 R^2= ***.817*** ***Adjusted*** $\boldsymbol{R^2}$ ***= .815*** ***F: 477.646*** ***p: .000***						

- **Linearity Test**

All predictors (Public, Customer, and employee orientation, Fair Operation, and Managers commitment and openness) have a linear relationship with the dependent variable (Competitive Advantage)

Table 4.28. Linearity Test Of Baron and Kenny Step 4 (CSR and Managers commitment and openness)

	1	2	3	4
1. Competitive advantage	1			
2. Public, Customer, and employee orientation	.804	1		
3. Fair operation	.682	.721	1	
4. Managers commitment and openness	.881	.766	.686	

All correlations are significant at the .01 level.

Based on the results shown in Table 4.28, all the predictors have a significant linear relationship with the dependent variable.

This step assumes that the predictor variable (Public, Customer, and Employee Orientation, Fair Operation, and Managers Commitment and Openness) has a significant effect on the dependent variable (Competitive Advantage)

Based on the calculated value (F) (See table 4.27), there is significant evidence at ($\alpha \leq 0.05$) that applying the dimensions of corporate social responsibility (**Public, Customer, and Employee Orientation, Fair Operation**) and the first dimension of organizational learning (**Managers Commitment and Openness**) have an impact on the competitive advantage. Moreover, table 4.25 shows that the independent variable (corporate social responsibility) and the first dimension (**Managers Commitment and Openness**) of mediating variable (Organizational Learning) explain together 81.7% of the variation in the dependent variable (Competitive Advantage). Therefore, the researcher can proceed to the next analysis test.

The results of table 4.27 show that Public, Customer, and employee orientation, the first dimension of the independent variable (Corporate social responsibility), and the first dimension of the mediating variable (Managers Commitment and Openness) have a statistically significant effect on the dependent variable (Competitive Advantage) at ($\alpha \leq 0.05$). That can be exerted by the significant calculated t values and Beta Values at ($\alpha \leq 0.05$). Moreover, table (4.27) shows that the second dimension of the independent variable (Fair Operation) has not significantly effect on the dependent variable (competitive advantage)

However, to test the mediating variable's effect using Baron & Kenney approach, the researcher compared Betas' values in the first step and those in the last steps. According to Baron & Kenney (1968), full mediation occurs when the independent variable in the fourth step stops being significant after the mediator variable is controlled. On the other hand, partial mediation occurs when the Beta values of the significant independent variable are reduced after the mediator variable is controlled. Table 4.28 compares Beta values before and after controlling the mediating variable

Table 4.28. Betas Of CSR Dimensions before and after controlling the Managers commitment and openness variable

Independent Variable	Beta Coef before controlling the mediating variable	Significance relationship from the first step	Beta Coef after controlling the mediating variable	Significance relationship from the fourth step	Results
Public, Customer, and employee orientation	.650	Significant	.295	Significant	Partial Mediation
Fair Operation	.214	Significant	.037	Insignificant	Full Mediation

Table 4.28 shows that beta value of Public, Customer, and employee orientation is significant after and before the first dimension of the mediating variable (Managers commitment and openness) is controlled. On the other hand, the beta value of Fair operation became insignificant after the mediating variable (Managers commitment and openness) has controlled. However, the beta value of Public, Customer, and employee orientation after controlling the first dimension of the mediating variable (Managers commitment and openness) are reduced. Therefore, the researcher can conclude that Managers commitment and openness partially mediates the relationship between Public, Customer, and employee orientation and Competitive Advantage. Besides, Managers commitment and openness fully mediates the relationship between Fair operation and Competitive Advantage.

The last step of Baron and Kenney tests the effect of both the independent variable (Corporate Social Responsibility) and the mediating variable (Organizational Learning) on the dependent variable (Competitive Advantage). In order to test this relationship, all regression assumptions need to be met. **The results of these assumptions are reported in the following section, considering the second dimension (System and knowledge perspectives) of the mediating variable (Organizational Learning).**

- **Multicollinearity**

Multicollinearity assumption asserts that independent variables cannot be perfectly correlated with each other. Multicollinearity condition was examined using the Variance Inflation Factor (VIF) and the Tolerance values (see table 4.29), considering that VIF value does not have to outweigh (10) while the Tolerance values have to be higher than 0.05 (Hair et al., 2010).

Table 4.29. Multiple Linear Regression of Model 12

Dependent Variable	Independent Variables	β	Std. Error	t-value	p-value	VIF
Competitve Advantage	Public, Customer, and employee Orientation	.131	.053	2.869	.004	3.808
	Fair Operation	.129	.038	3.755	.000	2.126
	System and knowledge perspectives	.703	.042	16.782	.000	3.184

R=.907 R^2 ***= .823*** ***Adjusted*** R^2 ***= .821*** ***F: 497.373*** ***p: .000***

Table 4.29 shows that the range of VIF values of the predictor variables (Public, Customer, and Employee orientation, Fair Operation, and System and Knowledge Perspectives) ranges from 2.126 to 3.808. Furthermore, tolerance values extend from .263 to .470. In sum, there is no strong correlation between the predictor variables (Public, Customer, and Employee Orientation, Fair Operation, and System and Knowledge Perspectives). In sum, there is no strong correlation between the predictor variables.

- **Linearity Test**

All predictors (Public, Customer, and Employee Orientation, Fair Operation, and System and Knowledge Perspectives) have a linear relationship with the dependent variable (Competitive Advantage)

Table 4.30. Linearity Test Of Baron and Kenny Step 4 (CSR and System and knowledge perspectives)

	1	2	3	4
1. Competitive advantage	1			
2. Public, Customer, and employee orientation	.804	1		
3. Fair operation	.682	.721	1	
4. Managers commitment and openness	.881	.766	.686	

All correlations are significant at the .01 level.

Based on the results shown in Table 4.28, all the predictors have a significant linear relationship with the dependent variable.

This step assumes that the predictor variables (Public, Customer, and employee orientation, Fair Operation, and System and knowledge perspectives) have a significant effect on the dependent variable (Competitive Advantage)

Based on the calculated value (F) (See table 4.29), there is significant evidence at ($\alpha \leq 0.05$) that applying the dimensions of corporate social responsibility (**Public, Customer, and Employee Orientation, and Fair Operation**) and the second dimension of organizational learning (**System and Knowledge Perspectives**) have an impact on the competitive advantage. Moreover, table 4.29 shows that the independent variable **(Corporate Social Responsibility)** and the second dimension (**System and Knowledge Perspectives**) of mediating variable

(Organizational Learning) explain together 82.3% of the variation in the dependent variable (Competitive Advantage). Therefore, the researcher can proceed to the next analysis test.

The results of table 4.29 show that Public, Customer, and Employee Orientation, and Fair Operation), the dimensions of the independent variable (Corporate Governance), and the second dimension of mediating variable (System and Knowledge Perspectives) have a statistically significant effect on the dependent variable (Competitive Advantage) at ($\alpha \leq 0.05$). That can be exerted by the significant calculated t values and Beta Values at ($\alpha \leq 0.05$).

However, to test the mediating variable's effect using Baron & Kenney approach, the researcher compared Betas' values in the first step and those in the last steps. According to Baron & Kenney (1968), full mediation occurs when the independent variable in the fourth step stops being significant after the mediator variable is controlled. On the other hand, partial mediation occurs when the Beta values of the significant independent variable are reduced after the mediator variable is controlled. Table 4.31 compares Beta values before and after controlling the mediating variable

Table 4.31. Betas Of CSR Dimensions before and after controlling the System and knowledge perspectives variable

Independent Variable	Beta Coef before controlling the mediating variable	Significance relationship from the first step	Beta Coef after controlling the mediating variable	Significance relationship from the fourth step	Results
Public, Customer, and employee orientation	.650	Significant	.131	Significant	Partial Mediation
Fair Operation	.214	Significant	.129	Significant	Partial Mediation

Table 4.31 shows that the beta values of all corporate governance dimensions (Public, Customer, and Employee Orientation, and Fair Operation) are significant after and before the second dimension of the mediating variable (System and Knowledge Perspectives) is controlled. However, the beta values after controlling the first dimension of the mediating variable (System and Knowledge Perspectives) are reduced. Therefore, the researcher can conclude that System and knowledge perspectives partially mediates the relationship between corporate social responsibility (Public, Customer, and Employee Orientation, and Fair Operation) and Competitive Advantage.

Based on the above, the researcher can accept the following sub-hypotheses

H4-1: Managers commitment and openness mediates the relationship between public, customer, and employee orientation and competitive advantage.

H4-3: Managers commitment and openness mediates the relationship between fair operation and competitive advantage.

H4-4: System and knowledge perspectives mediates the relationship between public, customer, and employee orientation and competitive advantage.

H4-6: System and knowledge perspectives mediates the relationship between fair operation and competitive advantage.

On the other hands, the following sub-hypotheses are rejected

H4-2: Managers commitment and openness mediates the relationship between environmental protection and competitive advantage.

H4-5: System and knowledge perspectives mediates the relationship between environmental protection and competitive advantage.

CHAPTER FIVE: CONCLUSION

5.1. Discussion

Several studies that investigated corporate governance focused on elements of the corporate governance separately and denied the mediation elements that can explain the relationship between corporate governance and competitive advantage.

Similarly, despite the huge number of studies conducted to investigate corporate social responsibility and its impact on competitive advantage, there is still a gap that should be filled to explain that relationship.

Therefore, this thesis estimates the impact of corporate governance and corporate social responsibility through a mediation effect of organizational learning that could be engaged in any organizational practices.

The researcher proposed a model explaining how corporate governance and corporate social responsibility can positively affect competitive advantage, which is an essential factor measuring organizational success. Moreover, the model describes the roles of organizational learning in the effect of corporate governance and corporate social responsibility on competitive advantage.

In general, the results confirm the theoretical and implication studies. The following discussion outlines the study results, recommendations, and limitations.

Competitive advantage is “The company occupies some positions where the competitors cannot copy its successful strategy, and the company can gain sustainable benefits from this successful strategy” (Chen and Lai 2006). Organizations can achieve a competitive position by applying the practices of corporate governance and corporate social responsibility. Therefore, the first and the second hypotheses of this study argue that corporate governance and corporate social responsibility have a significant effect on competitive advantage. The results confirmed this hypotheses as other studies (e.g., Battaglia et al., (2014), Porter & Kramer (2008), Nyuur, Ofori, and Millicent (2019), Mobarak and Albahussain (2014), Nyuur, Ofori, and Debrah (2014), Eisenhardt (1989), He et al., (2009), ZORN (2014), Bobillo, Rodríguez-Sanz, and Tejerina-Gaite (2017)).

However, from the factor analysis, results show three dimensions of corporate governance and three dimensions of corporate social responsibility against one factor presenting competitive advantage. corporate governance elements are called “commitment to corporate governance,” “structure and functioning of the board,” and “transparency and disclosure.” On the other hand, corporate social responsibility elements are “public, customer, and employee orientation,” “environmental protection”, and “fair operation.”

Specifically, The study found that all corporate governance elements (commitment to corporate governance, structure and functioning of the board, and transparency and disclosure) significantly impact competitive advantage. The most effective element was the transparency and disclosure. That asserts the importance of transparency and disclosure in getting high profit, lowering the cost, and enhancing customer satisfaction.

Moreover, the results show that only two dimensions of corporate social responsibility (public, customer, and employee orientation, and fair operation) significantly impact competitive advantage. This can be explained that achieving a competitive advantage does not depend on serving the environment by voluntaries. This result almost confirms the finding of López-Gamero, Molina-Azorín, & Claver-Cortés (2009), who found that environmental protection doesn’t directly affect firm performance. Moreover, Sabir et al., (2012) found that companies can benefit from their strategic planning without being interested in corporate social responsibility practices.

First, The results of the first sub-hypothesis emerged from the first main hypothesis showed that the influence of commitment to corporate governance on competitive advantage is .289, with the values of p and t are less than 0.05 and greater than 1.96, respectively. Based on the p-value (less than 0.05) and t value (greater than 1.96), with a confidence of 95%, it can be said that the first research sub-hypothesis is confirmed; that is, commitment to corporate governance has a positive and significant impact on the competitive advantage.

Second, the test results of the second sub-hypothesis emerged from the first main hypothesis showed that the impact of structure and functioning of the board on competitive advantage is .326. The values of p and t are less than 0.05 and greater than 1.96, respectively. Based on the p-value (less than 0.05) and t value (greater than 1.96), with a confidence of 95%, it can be said that the second research sub hypothesis is confirmed; that is, the structure and functioning of the board has a positive and significant impact on the competitive advantage.

Third, the test results of the third sub-hypothesis emerged from the first main hypothesis showed that the impact of transparency and disclosure competitive advantage is .341. The values of p and t are less than 0.05 and greater than 1.96, respectively. Based on the p-value (less than 0.05) and t value (greater than 1.96), with a confidence of 95%, it can be said that the third research sub hypothesis is confirmed; that is, transparency and disclosure has a positive and significant impact on the competitive advantage.

The results of the first main hypothesis confirm those of other studies such as Eisenhardt (1989), He et al., (2009), ZORN (2014), Bobillo, Rodríguez-Sanz, and Tejerina-Gaite (2017), and Nginyo, Ngui, and Ntale (2018).

Regarding the second main hypothesis, it is found that the first sub hypothesis is accepted. Therefore, public, customer, and employee orientation significantly affect competitive advantage at B value (.594), and the values of p and t are less than 0.05 and greater than 1.96, respectively.

Moreover, the results show that the second sub hypothesis emerging from the second main hypothesis is supported. Therefore, fair operation significantly affects competitive advantage at B value (.200), and the values of p and t are less than 0.05 and greater than 1.96, respectively.

The last sub hypothesis emerging from the second main hypothesis is not supported. In other words, environmental protection does not significantly affect competitive advantage at the values of p and t are less than 0.05 and greater than 1.96, respectively. The researcher can explain that by the nature of Jordan. As it is a developing country, environmental protection is not a priority; hence, it does not gain a competitive position. According to Hadadin & Tarawneh (2007), environmental protection in Jordan requires increasing population and companies' awareness.

The third and fourth main hypotheses claim that organizational learning mediates the impact of corporate governance and corporate social responsibility on competitive advantage. Based on the results of Baron and Kenney (1986), it is found that the first and the second elements of organizational learning (managers commitment and openness, and System and knowledge perspectives) partially mediate all the relationships between corporate governance dimensions (commitment to corporate governance, structure and functioning of the board, and transparency and disclosure) and competitive advantage. That can be concluded by the Beta values. All are decreased after controlling the elements of organizational learning. Also, by comparing squared (R) after and before controlling the elements of organizational learning, the results show that it is increased.

One of the relative studies that found close results is “Analyzing the Impact of Corporate Governance and Organizational Learning on Strategic Planning Effectiveness (An Empirical practice among some industrial companies in Iran).” The results of this study found that corporate governance has a relationship with strategic planning. In contrast, organizational learning doesn’t have a relationship with strategic planning. However, the study found that corporate governance and organizational learning jointly affect strategic planning. Moreover, Kearney and Kruger (2013) found a relationship between corporate governance and organizational learning. This is due to the importance of applying a consistent learning practices to use the corporate governance practices effectively. Moreover, AL Nawaiseh et al., (2021) found that corporate governance practices have an impact on organizational learning.

In addition, organizational learning plays an important role in enhancing the competitive position of organizations. Many previous studies shed the light into the effect of organizational learning on competitive advantage. Jashapara (2003) found that organizational learning system has a positive impact on organizational performance and that the organizational learning focusing on efficiency and proficiency is a reason of competitive advantage in UK construction companies. Lopes et al., (2005) found that organizational learning lead to innovation and competitiveness of firms. Prieto and Revilla (2006) tested 111 firms to show how organizational learning has a relationship between financial and non financial performance of the firms.

Regarding the mediating impact of organizational learning on the relationship between corporate social responsibility and competitive advantage, the results show that the first dimension of organizational learning (managers commitment and openness) partially mediates the relationship between the first dimension of corporate social responsibility (Public, Customer, and employee orientation) and competitive advantage. On the other hand, it fully mediates the relationship between the second dimension of corporate social responsibility (fair operation) and competitive advantage. Furthermore, the second dimension of organizational learning (system and knowledge perspectives) partially mediates the relationship between both dimensions of corporate social responsibility (Public, Customer, and employee orientation and fair operation) and competitive advantage.

In general, corporate social responsibility can enhance organizational learning capabilities, which will positively affect competitive advantage. These results are consistent with the study of (Zhao et al., (2019). However, Zhao's study found that corporate social responsibility indirectly affects competitive advantage through enhancing the organizational learning capability.

However, as several studies consider the mediating effect of organizational learning (e.g., Mohammad (2019), Said et al., (2010), Allameh, Rezaei, & Bagheri (2014)), the researcher proposed the mediating influence of organizational learning on the relationship between corporate governance and competitive advantage.

This thesis could provide some contributions to academic research and practical management. Although many articles investigate the impact of corporate governance and corporate social responsibility on competitive advantage, this study asks whether and how corporate governance and corporate social responsibility impact competitive advantage. The topic still has not been fully addressed.

The first theoretical contribution is the operationalization of corporate social responsibility, corporate governance, organizational learning, and competitive advantage concepts and their elements, which can be used in future studies. Second, the study provides evidence that corporate governance and corporate social responsibility practices are essential to obtain superior positions in markets. Third, the study provides insight into the variables that can explain the impact of corporate governance and corporate social responsibility on competitive advantage.

Regarding the managerial implications, the study approves that corporate governance and corporate social responsibility are vital capabilities that influence competitive advantage, which is considered an important measure of organizational performance.

Through commeting to the corporate governance, organizations can build morale and good reputation as the good practices of corpoarete governance lead to enhance the organization identitiy that help build strong relationships. Corporate governance requiring from organizations to comply with local, national, and international policies and regulations thus reducing the likelihood of costly crises and scandals.

Similarly, corporate social responsibility including the company's orientation towards improving the welfare of community and to enhance the strategic position of the company itself can lead to better recognition and reputation as well as increase sales and customer satisfaction.

corporate social responsibility can lead to better financial performance, retain powerful employees, gain a good reputation, and attrack and satisfy more customers.

Therefore, the researcher can recommend that managers and owners of manufacturing companies of Jordan should adopt the social practices of corporate social responsibility that emphasis the caring of the public, customers, and employees and applying fair operations through disclosing information, obeying regulations, and applying legal actions to achieve an edge.

Moreover, through being committed to corporate governance practices, having the best structure of the board, and disclosing transparent information, the organizations can enhance their positions in the markets.

Moreover, the study emphasizes the importance of organizational learning in explaining and supporting the effect of corporate governance and corporate social responsibility on competitive advantage. Management in organizations needs to include the organizational learning practices into the practices of corporate governance and corporate social responsibility. When corporate governance and organizational learning are applied jointly in a proper way, organizations can be more competitive. Organizational learning dedicating time and resources to build a learning culture makes organizations more competitive.

However, the first and second hypotheses of this thesis are well demonstrated by academic papers. In contrast, the third and fourth are original as they emphasize the role of organizational learning in improving relationships. Through this contribution, managers require looking for the best organizational learning model in order to get superior edges in terms of cost, quality, customer satisfaction, innovation, and profitability through applying corporate governance and corporate social responsibility practices.

5.2. Future Research And Limitation

The results of this thesis can provide researchers several views to study. Researchers can include various control variables to explain the relationships between corporate governance/ corporate social responsibility and competitive advantage. For example, intellectual capital, information technology, strategic position, customer satisfaction, and reputation which are related to both corporate governance, corporate social responsibility, competitive advantage, are important control facilitating the relationship.

Moreover, the population sample is limited to Jordanian manufacturing companies. Researchers can repeat investigating the same relationships in several sectors and various countries. In addition, using a larger sample, future research may also study the three path interaction between corporate governance/ corporate social responsibility and competitive advantage.

Furthermore, the researcher's recommendation for future research is to measure organizational performance, including the financial (e.g., financial ratios) and non-financial measures (customer satisfaction, customer loyalty). In other words, researchers can investigate the relationship between corporate governance/ corporate social responsibility and firm performance.

Another suggestion for future research is to apply the topic in a case study. A case study could deeply explain the interaction between variables. Through monitoring firm parameters, researchers can evaluate the variables and their determinants using a qualitative method. The case study can specifically explain how corporate governance and corporate social responsibility can be applied in manufacturing companies. If not a case study, researchers can apply a longitudinal study based on time- relative data as tracking the performance of an organization. That would allow measuring competitive advantage based on time or intervention.

Last, the study instrument for data collection is restricted to some factors. Researchers can adopt different instruments to measure the relationships of this study.

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APPENDIX

Multivariate Normality Test- Model 1

Multiple regressions assume that standardized residuals and predictor values are linear and normally distributed. In order to test this assumption, Scatterplot, Histogram, and P-P plot are interpreted. The plots show how data are spread across the central line.

Regarding the scatterplot, dots are almost evenly distributed to the left and right of zero on the Y-axis (Figure 1). The researcher can infer that residuals are normally distributed, and their variance is constant across all values of the predator values. From the p-p plot (Figure 2) and the Histogram plot (Figure 3), the researcher can infer that the data are normally distributed as they follow the diagonal line of the p-p plot. Moreover, data appear to have a linear pattern, which confirms that residuals and predictor values are linear. Therefore, normality, linearity, and homoscedasticity assumptions of multiple regression analysis are met (Nimons & Oswald, 2013).

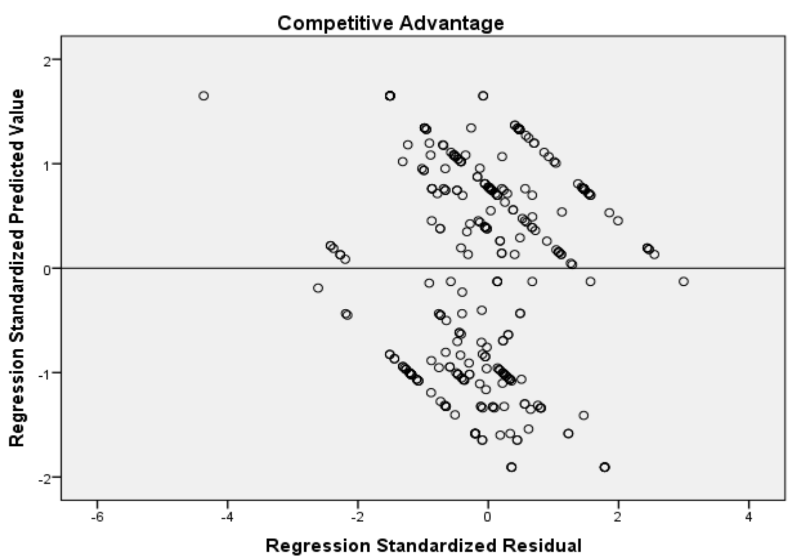

Figure 1. Scatter plot linearity of the first hypothesis regression residuals

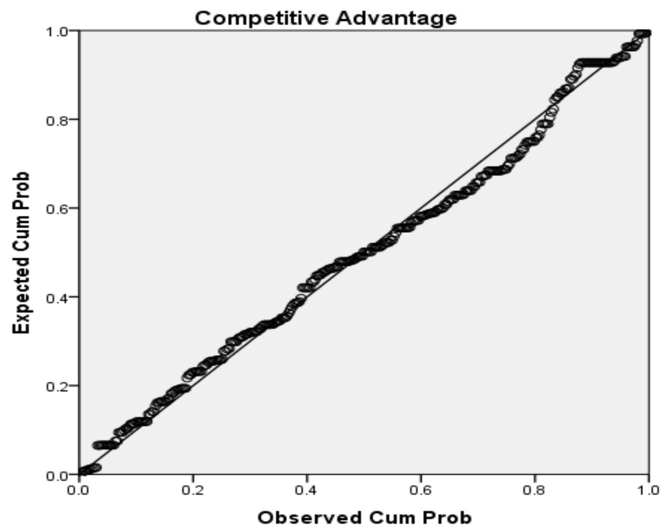

Figure 2. P-P Plot normality of the first hypothesis regression residuals

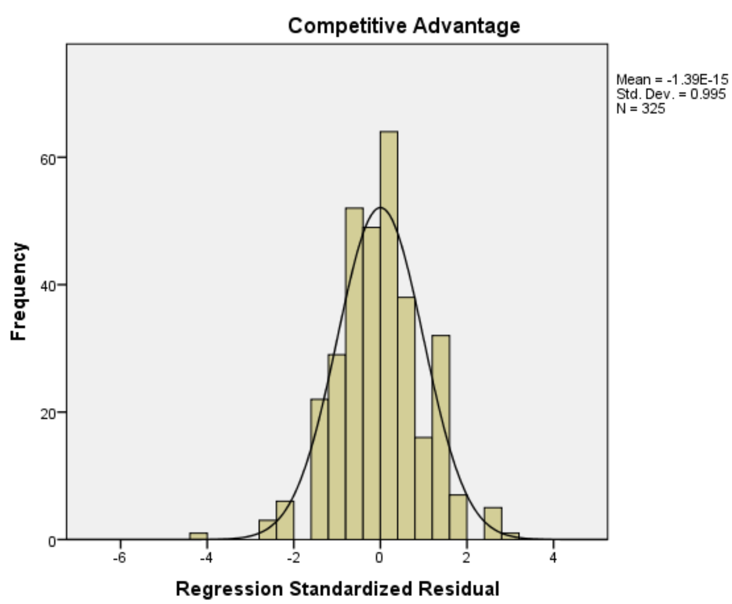

Figure 3. Histogram normality of the first hypothesis regression residuals

Multivariate Normality Test- Model 2

Multiple regressions assume that standardized residuals and predictor values are linear and normally distributed. In order to test this assumption, Scatterplot, Histogram, and P-P plot are interpreted. The plots show how data are spread across the central line. Regarding the scatterplot, dots are almost evenly distributed to the left and right of zero on the Y-axs (Figure 4). The researcher can infer that residuals are normally distributed, and their variance is constant across all values of the predator values. From the p-p plot (Figure 5) and the Histogram plot (Figure 6), the researcher can infer that the data are normally distributed as they follow the diagonal line of the p-p plot. Moreover, data appear to have a linear pattern, which confirms that residuals and predictor values are linear. Therefore, normality, linearity, and homoscedasticity assumptions of multiple regression analysis are met (Nimons & Oswald, 2013).

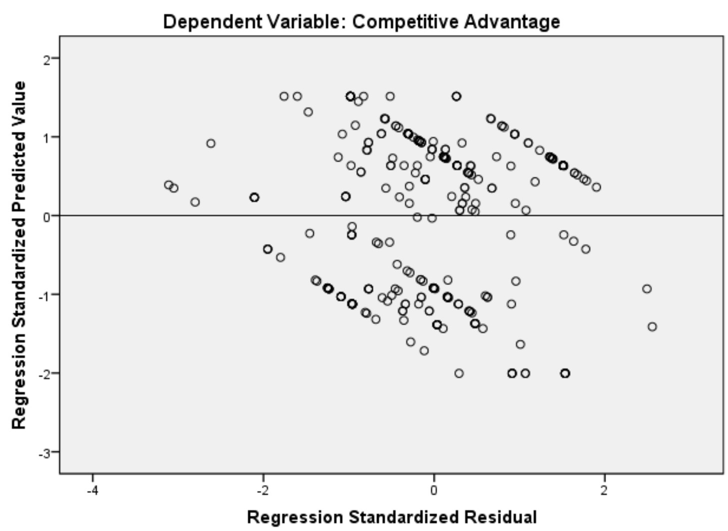

Figure 4. Scatter plot linearity of the second hypothesis regression residuals

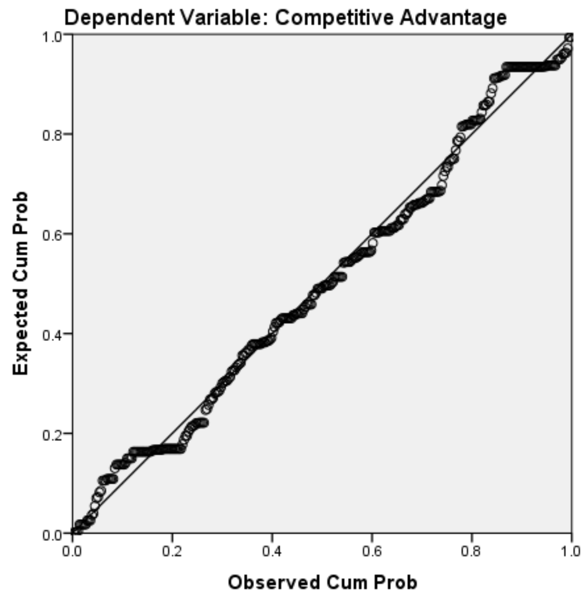

Figure 5. P-P Plot normality of the second hypothesis regression residuals

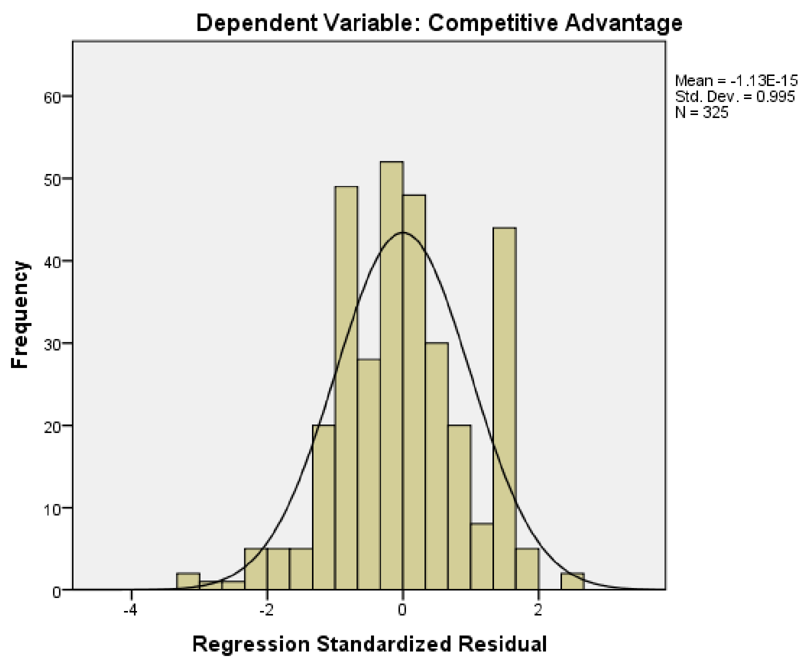

Figure 6. Histogram normality of the second hypothesis regression residuals

Multivariate Normality Test- Bron And Kenny Step 2 (CG and Managers commitment and openness)

Multiple regressions assume that standardized residuals and predictor values are linear and normally distributed. In order to test this assumption, Scatterplot, Histogram, and P-P plot are interpreted. The plots show how data are spread across the central line. Regarding the scatterplot, dots are almost evenly distributed to the left and right of zero on the Y-axis (Figure 7). The researcher can infer that residuals are normally distributed, and their variance is constant across all values of the predator values. From the p-p plot (Figure 8) and the Histogram plot (Figure 9), the researcher can infer that the data are normally distributed as they follow the diagonal line of the p-p plot. Moreover, data appear to have a linear pattern, which confirms that residuals and predictor values are linear. Therefore, normality, linearity, and homoscedasticity assumptions of multiple regression analysis are met (Nimons & Oswald, 2013).

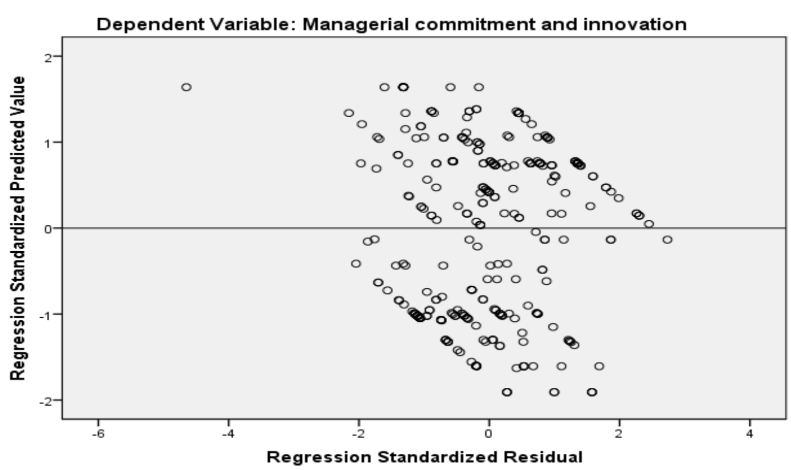

Figure 7. Scatter Plot Linearity Of Bron And Kenny Step 2 (CG and Managers commitment and openness)

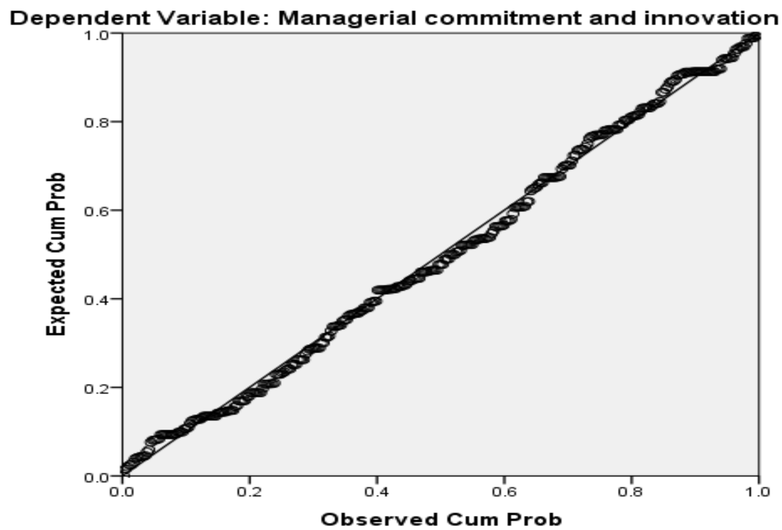

Figure 8. P-P Plot Normality Of Baron and Kenny Step 2 (CG and Managers commitment and openness)

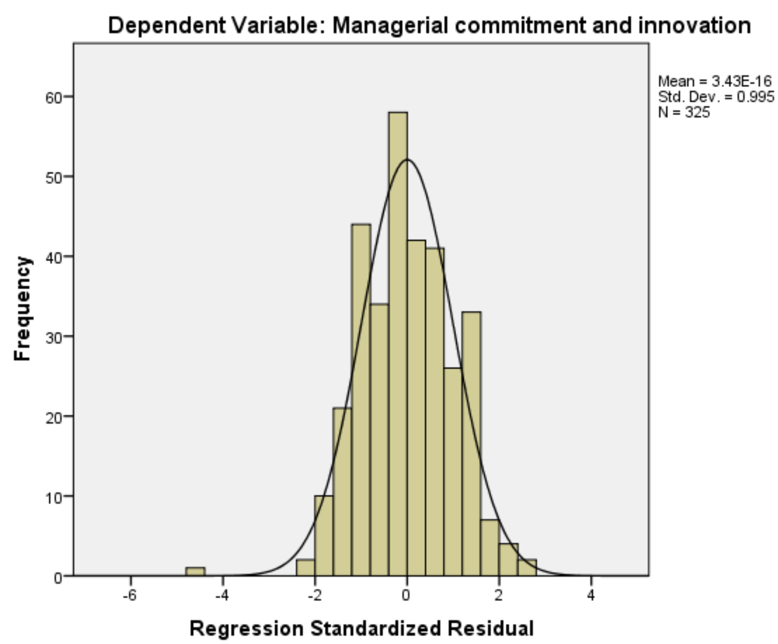

Figure 9. Histogram Normality Of Baron and Kenny Step2 (CG and Managers commitment and openness

Multivariate Normality Test- Bron And Kenny Step 2 (CG and System and knowledge perspectives)

Multiple regressions assume that standardized residuals and predictor values are linear and normally distributed. In order to test this assumption, Scatterplot, Histogram, and P-P plot are interpreted. The plots show how data are spread across the central line. Regarding the scatterplot, dots are almost evenly distributed to the left and right of zero on the Y-axis (Figure 10). The researcher can infer that residuals are normally distributed, and their variance is constant across all values of the predator values. From the p-p plot (Figure 11) and the Histogram plot (Figure 12), the researcher can infer that the data are normally distributed as they follow the diagonal line of the p-p plot. Moreover, data appear to have a linear pattern, which confirms that residuals and predictor values are linear. Therefore, normality, linearity, and homoscedasticity assumptions of multiple regression analysis are met (Nimons & Oswald, 2013).

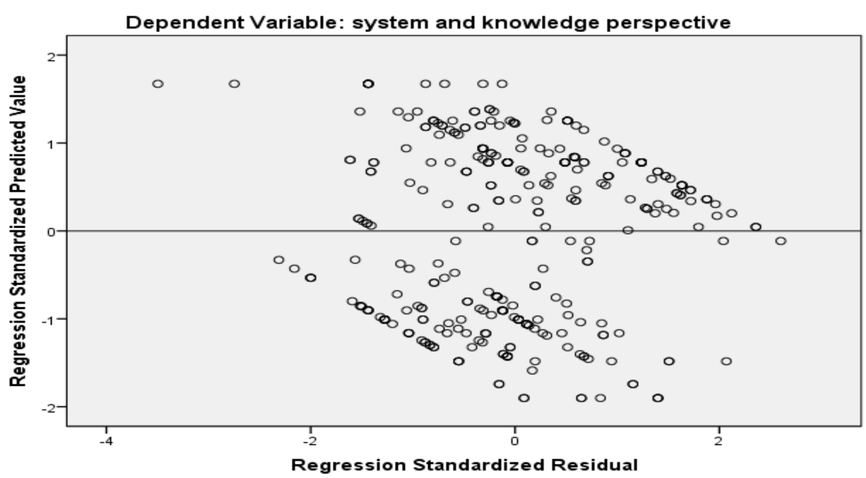

Figure 10. Scatter Plot Linearity Of Bron And Kenny Step 2 (CG and System and knowledge perspectives)

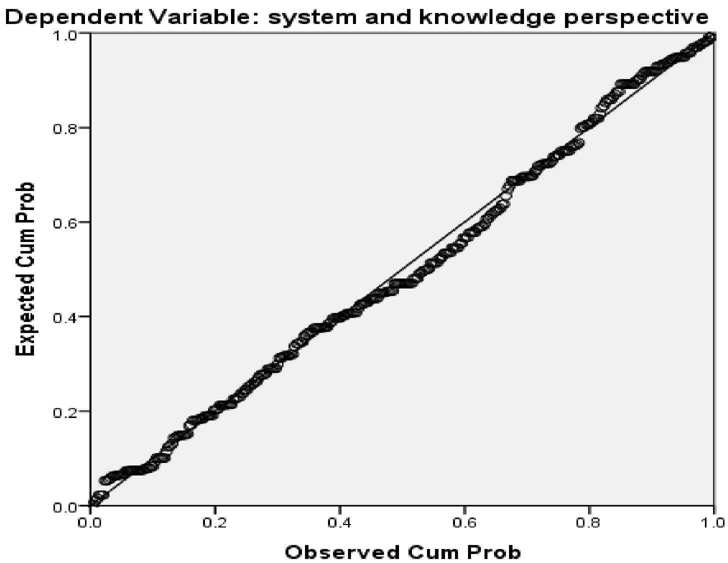

Figure 11. P-P Plot Normality Of Baron and Kenny Step 2 (CG and System and knowledge perspectives)

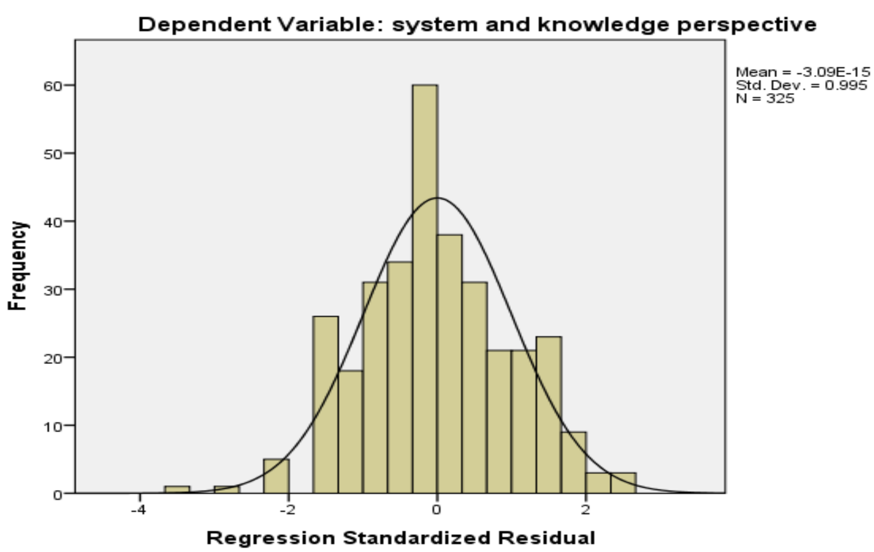

Figure 12. Histogram Normality Of Baron and Kenny Step2(CG and System and knowledge perspectives)

Multivariate Normality Test- Bron And Kenny Step 3

Multiple regressions assume that standardized residuals and predictor values are linear and normally distributed. In order to test this assumption, Scatterplot, Histogram, and P-P plot are interpreted. The plots show how data are spread across the central line. Regarding the scatterplot, dots are almost evenly distributed to the left and right of zero on the Y-axis (Figure 13). The researcher can infer that residuals are normally distributed, and their variance is constant across all values of the predator values. From the p-p plot (Figure 14) and the Histogram plot (Figure 15), the researcher can infer that the data are normally distributed as they follow the diagonal line of the p-p plot. Moreover, data appear to have a linear pattern, which confirms that residuals and predictor values are linear. Therefore, normality, linearity, and homoscedasticity assumptions of multiple regression analysis are met (Nimons & Oswald, 2013).

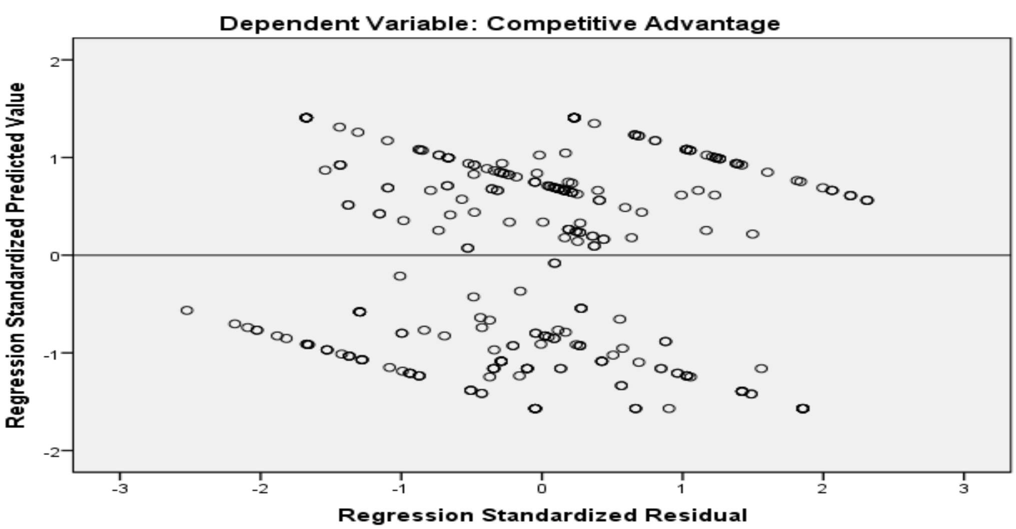

Figure 13. Scatter Plot Linearity Of Bron And Kenny Step 3- CG

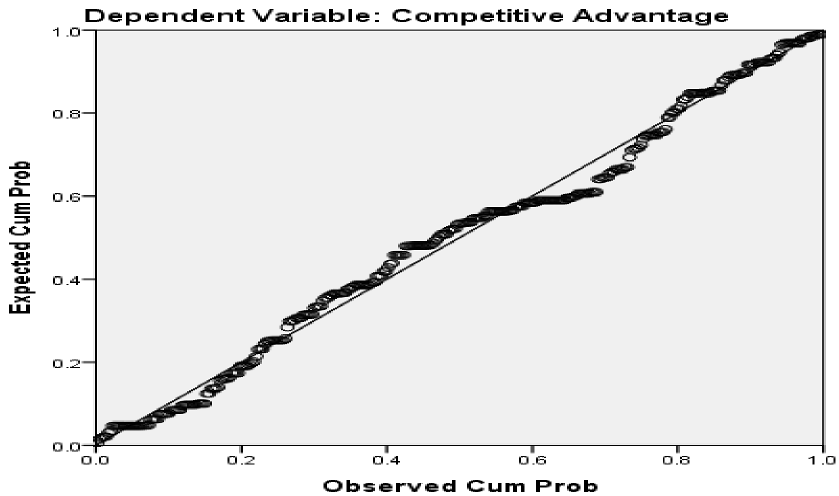

Figure 14. P-P Plot Normality Of Baron and Kenny Step 3-CG

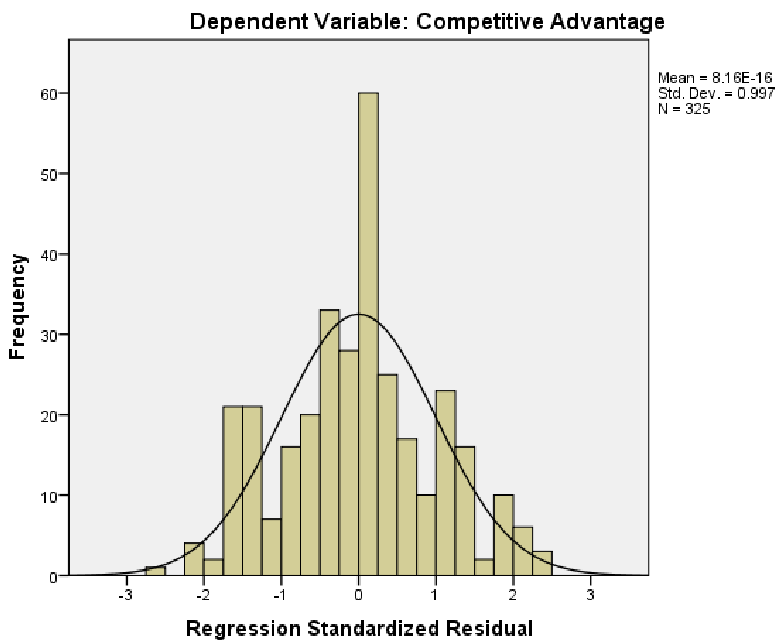

Figure 15. Histogram Normality Of Baron and Kenny Step 3-CG

Multivariate Normality Test- Baron and Kenny Step 4 (CG and Managers commitment and openness

Multiple regressions assume that standardized residuals and predictor values are linear and normally distributed. In order to test this assumption, Scatterplot, Histogram, and P-P plot are interpreted. These plots explain how data are distributed across the central line. Regarding the scatterplot, dots are almost evenly distributed to the left and right of zero on the Y-axis (Figure 16). The researcher can infer that residuals are normally distributed, and their variance is constant across all values of the predator values. From the p-p plot (Figure 17) and the Histogram plot (Figure 18), the researcher can infer that the data are normally distributed as they follow the diagonal line of the p-p plot. Moreover, data appear to have a linear pattern, which confirms that residuals and predictor values are linear. Therefore, normality, linearity, and homoscedasticity assumptions of multiple regression analysis are met (Nimons & Oswald, 2013).

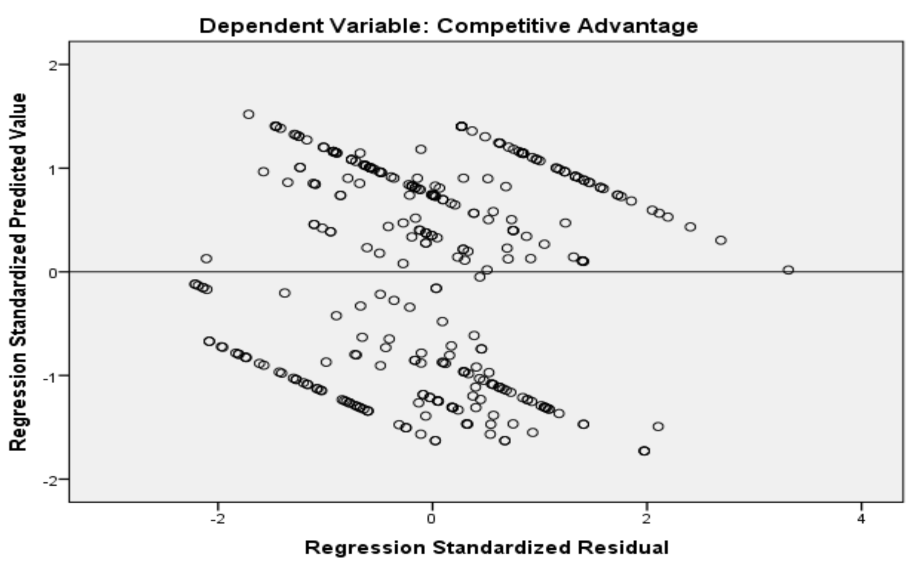

Figure 16. Scatter Plot Linearity Of Bron And Kenny Step 4 (CG and Managers commitment and openness)

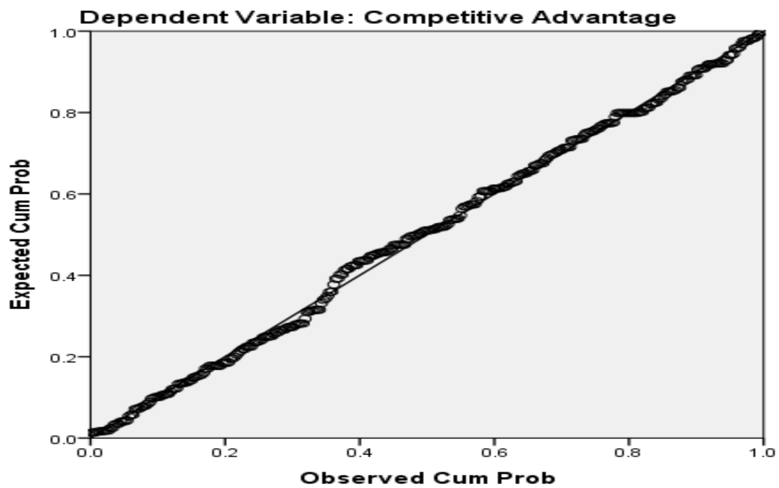

Figure 17. P-P Plot Normality Of Baron and Kenny Step 4 (CG and Managers commitment and openness)

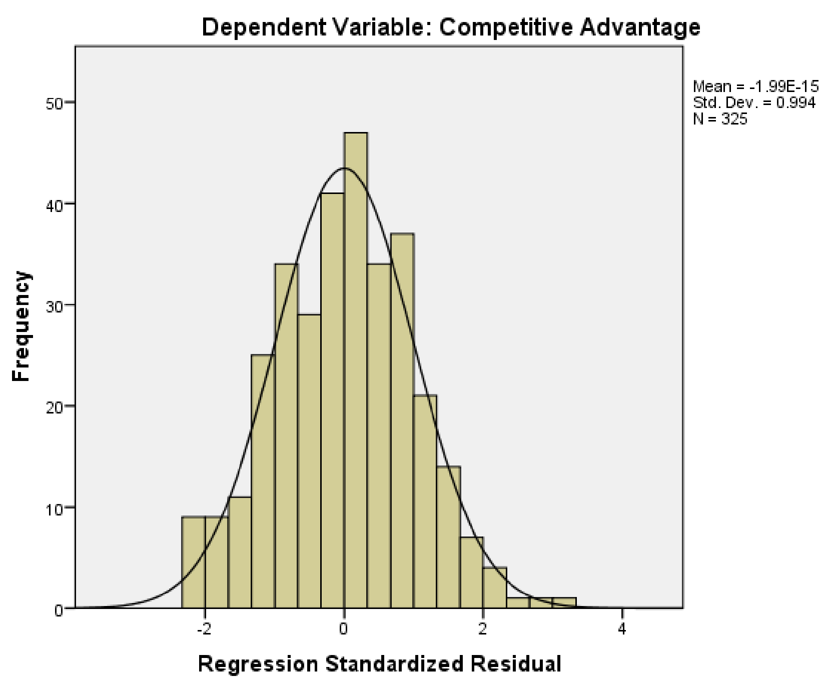

Figure 18. Histogram Normality Of Baron and Kenny Step 4 (CG and Managers commitment and openness)

Multivariate Normality Test- Bron And Kenny Step 4 (CG and System and knowledge perspectives)

Multiple regressions assume that standardized residuals and predictor values are linear and normally distributed. In order to test this assumption, Scatterplot, Histogram, and P-P plot are interpreted. These plots explain how data are distributed across the central line. Regarding the scatterplot (Figure 19), dots are almost evenly distributed to the left and right of zero line on the Y-axis. We can infer that residuals are normally distributed, and their variance is constant across all values of the predator values. From the p-p plot (Figure 20) and the Histogram plot (Figure 21), the researcher can infer that the data are normally distributed as they follow the diagonal line of the p-p plot. Moreover, data appear to have a linear pattern, which confirms that residuals and predictor values are both linear. Therefore, Normality, linearity, and homoscedasticity assumptions of multiple regression analysis are met (Nimons & Oswald, 2013).

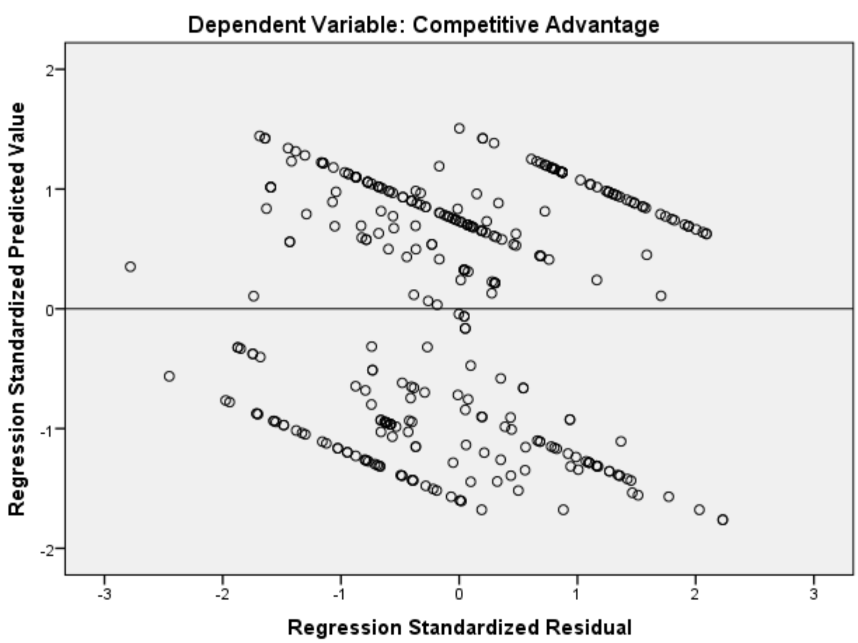

Figure 19. Scatter Plot Linearity Of Bron And Kenny Step 4 (CG and System and knowledge perspectives)

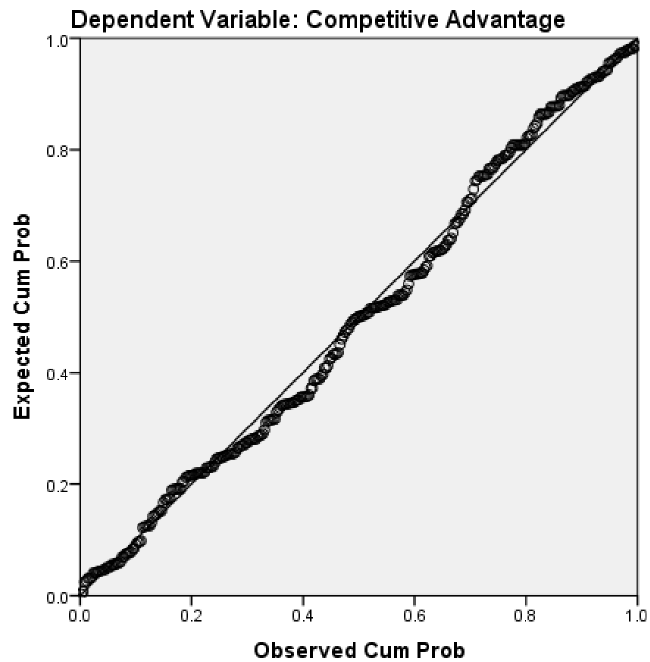

Figure 20. P-P Plot Normality Of Baron and Kenny Step 4 (CG and System and knowledge perspectives)

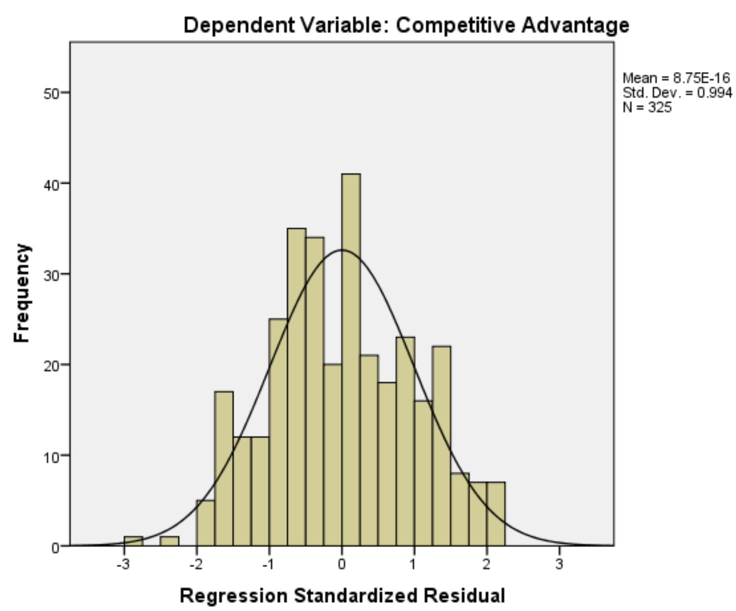

Figure 21. Histogram Normality Of Baron and Kenny Step 4 (CG and System and knowledge perspectives

Multivariate Normality Test- Bron And Kenny Step 2 (CSR and Managers commitment and openness)

Multiple regressions assume that standardized residuals and predictor values are linear and normally distributed. In order to test this assumption, Scatterplot, Histogram, and P-P plot are interpreted. The plots show how data are spread across the central line. Regarding the scatterplot, dots are almost evenly distributed to the left and right of zero on the Y-axis (Figure 22). The researcher can infer that residuals are normally distributed, and their variance is constant across all values of the predator values. From the p-p plot (Figure 23) and the Histogram plot (Figure 24), the researcher can infer that the data are normally distributed as they follow the diagonal line of the p-p plot. Moreover, data appear to have a linear pattern, which confirms that residuals and predictor values are linear. Therefore, normality, linearity, and homoscedasticity assumptions of multiple regression analysis are met (Nimons & Oswald, 2013).

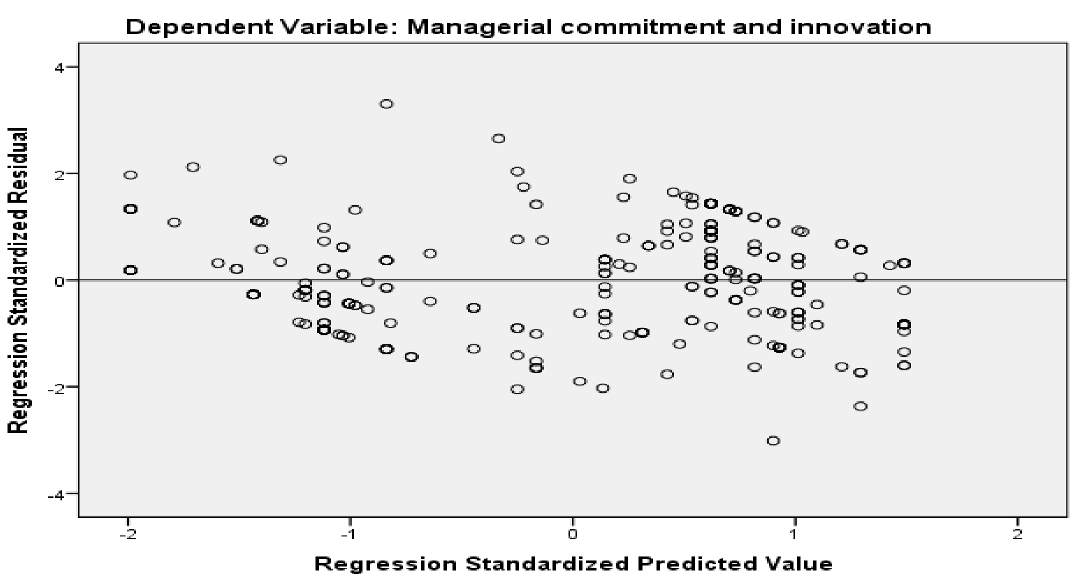

Figure 22. Scatter Plot Linearity Of Bron And Kenny Step 2 (CSR and Managers commitment and openness)

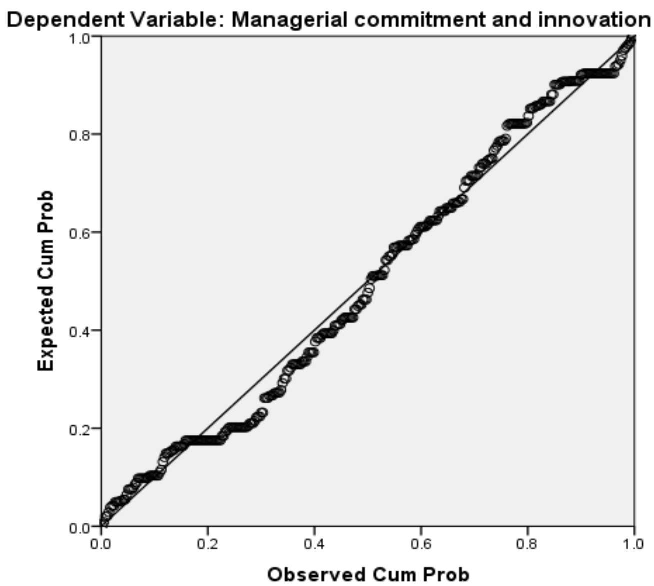

Figure 23. P-P Plot Normality Of Baron and Kenny Step 2 (CSR and Managers commitment and openness)

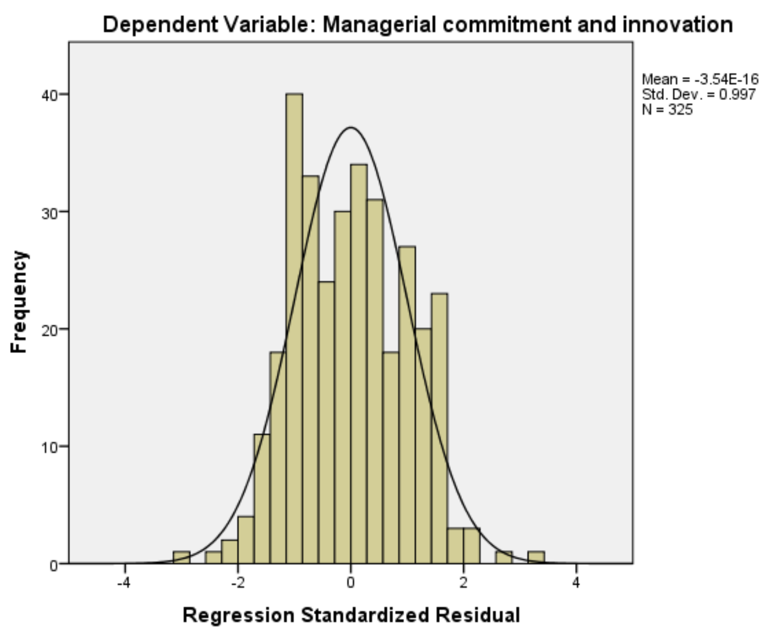

Figure 24. Histogram Normality Of Baron and Kenny Step 2 (CSR and Managers commitment and openness)

Multivariate Normality Test- Bron And Kenny Step 2 (CSR and System and knowledge perspectives)

Multiple regressions assume that standardized residuals and predictor values are linear and normally distributed. In order to test this assumption, Scatterplot, Histogram, and P-P plot are interpreted. The plots show how data are spread across the central line. Regarding the scatterplot, dots are almost evenly distributed to the left and right of zero on the Y-axis (Figure 25). The researcher can infer that residuals are normally distributed, and their variance is constant across all values of the predator values. From the p-p plot (Figure 26) and the Histogram plot (Figure 27), the researcher can infer that the data are normally distributed as they follow the diagonal line of the p-p plot. Moreover, data appear to have a linear pattern, which confirms that residuals and predictor values are linear. Therefore, normality, linearity, and homoscedasticity assumptions of multiple regression analysis are met (Nimons & Oswald, 2013).

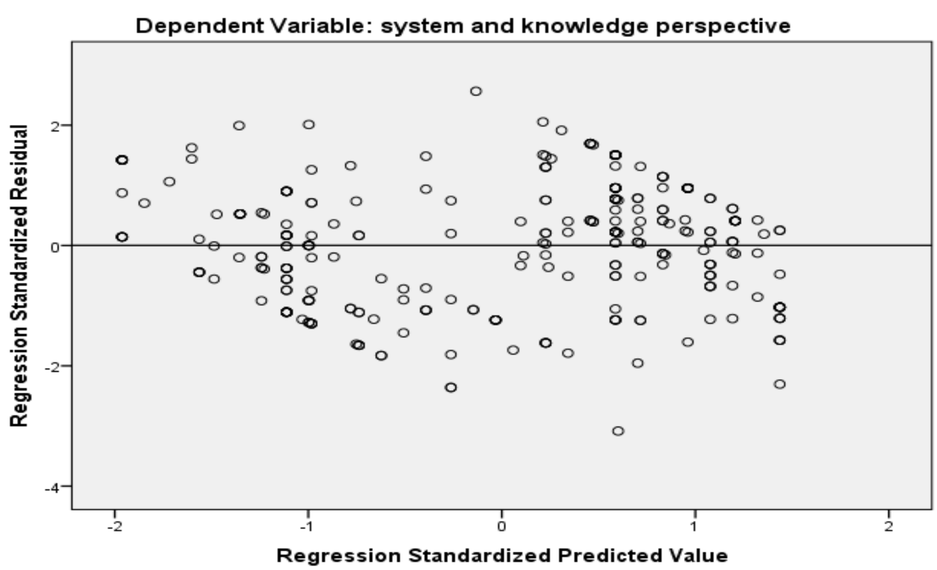

Figure 25. Scatter Plot Linearity Of Bron And Kenny Step 2 (CSR and System and knowledge perspectives)

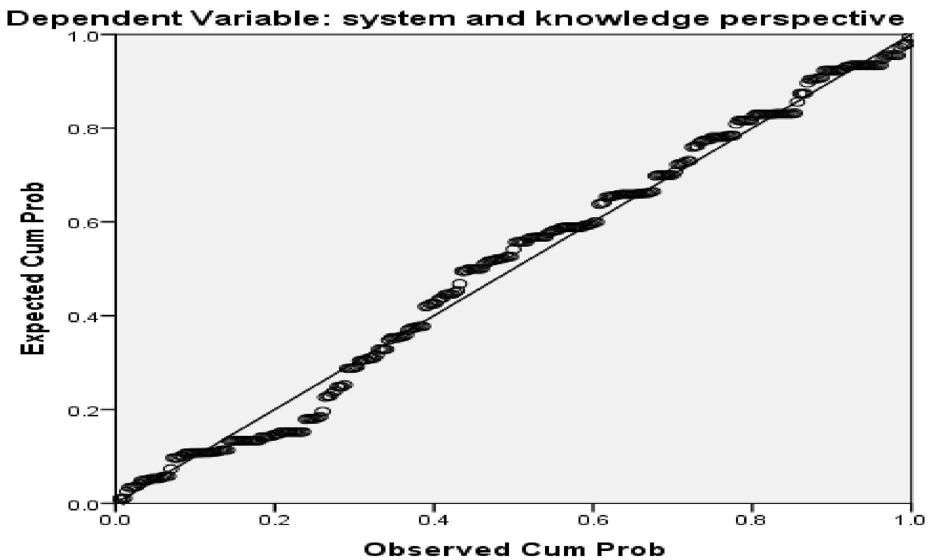

Figure 26. P-P Plot Normality Of Baron and Kenny Step 2 (CSR and System and knowledge perspectives)

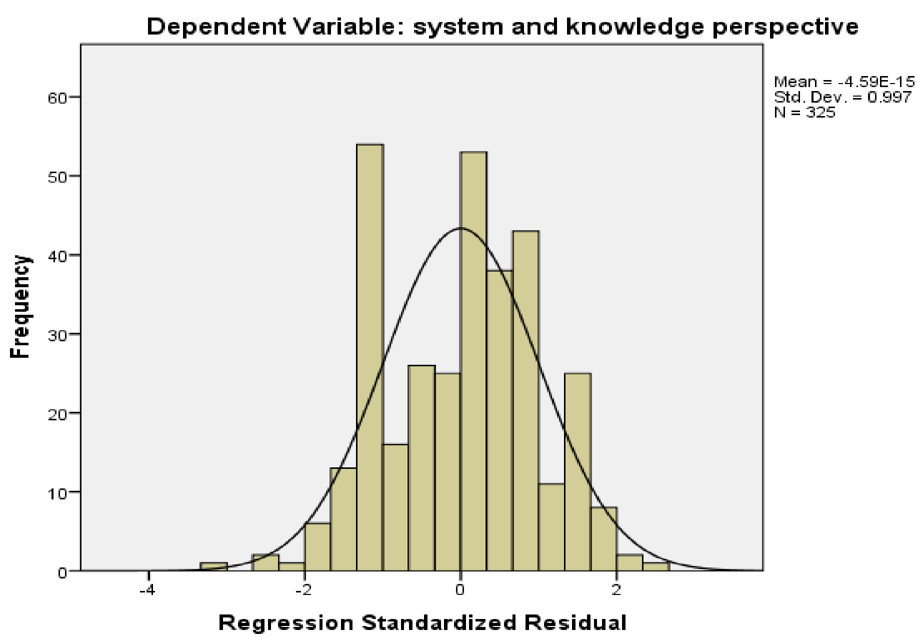

Figure 27. Histogram Normality Of Baron and Kenny Step 2 (CSR and System and knowledge perspectives)

Multivariate Normality Test- Baron and Kenny Step 4 (CSR and Managers commitment and openness)

Multiple regressions assume that standardized residuals and predictor values are linear and normally distributed. In order to test this assumption, Scatterplot, Histogram, and P-P plot are interpreted. These plots explain how data are distributed across the central line. Regarding the scatterplot (Figure 28), dots are almost evenly distributed to the left and right of zero line on the Y-axis. We can infer that residuals are normally distributed, and their variance is constant across all values of the predator values. From the p-p plot (Figure 29) and the Histogram plot (Figure 30), the researcher can infer that the data are normally distributed as they follow the diagonal line of the p-p plot. Moreover, data appear to have a linear pattern, which confirms that residuals and predictor values are both linear. Therefore, Normality, linearity, and homoscedasticity assumptions of multiple regression analysis are met (Nimons & Oswald, 2013).

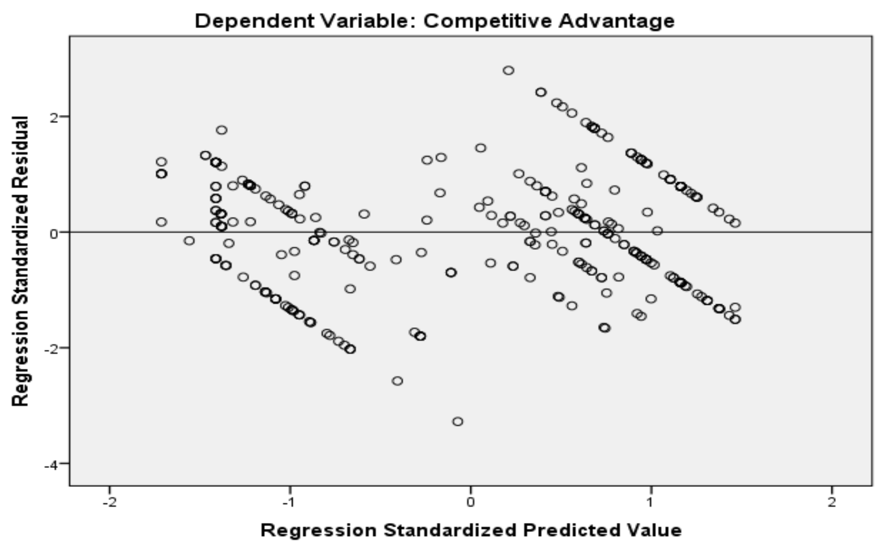

Figure 28. Scatter Plot Linearity Of Bron And Kenny Step 4 (CSR and Managers commitment and openness)

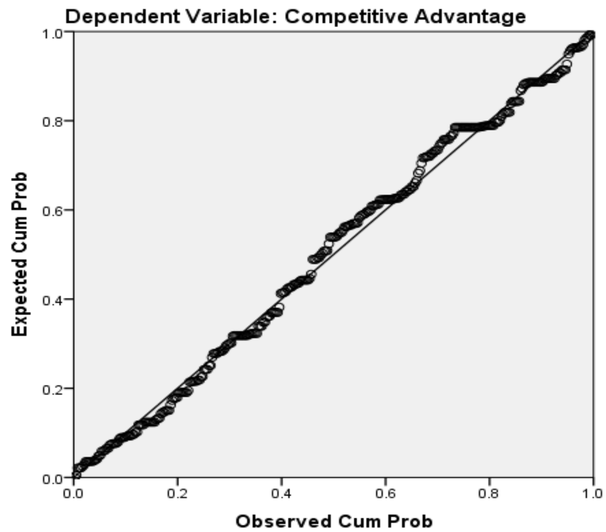

Figure 29. P-P Plot Normality Of Baron and Kenny Step 4 (CSR and Managers commitment and openness)

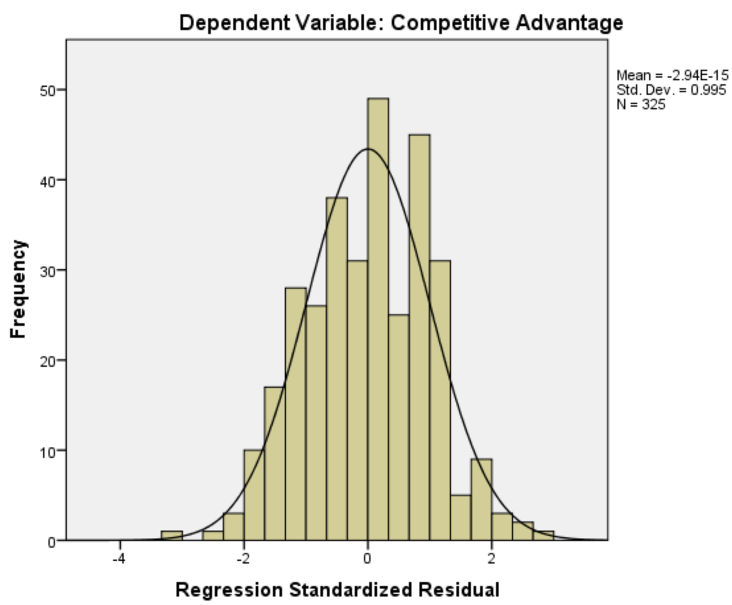

Figure 30. Histogram Normality Of Baron and Kenny Step 4 (CSR and Managers commitment and openness)

Multivariate Normality Test- Bron And Kenny Step 4 (CSR and System and knowledge perspectives)

Multiple regressions assume that standardized residuals and predictor values are linear and normally distributed. In order to test this assumption, Scatterplot, Histogram, and P-P plot are interpreted. These plots explain how data are distributed across the central line. Regarding the scatterplot (Figure 31), dots are almost evenly distributed to the left and right of zero line on the Y-axis. We can infer that residuals are normally distributed, and their variance is constant across all values of the predator values. From the p-p plot (Figure 32) and the Histogram plot (Figure 33), the researcher can infer that the data are normally distributed as they follow the diagonal line of the p-p plot. Moreover, data appear to have a linear pattern, which confirms that residuals and predictor values are both linear. Therefore, Normality, linearity, and homoscedasticity assumptions of multiple regression analysis are met (Nimons & Oswald, 2013).

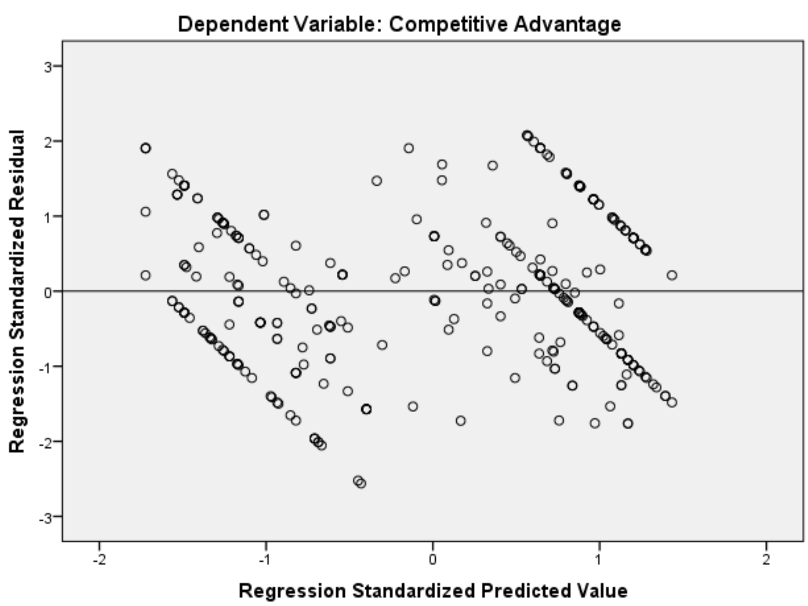

Figure 31. Scatter Plot Linearity Of Bron And Kenny Step 4 (CSR and System and knowledge perspectives)

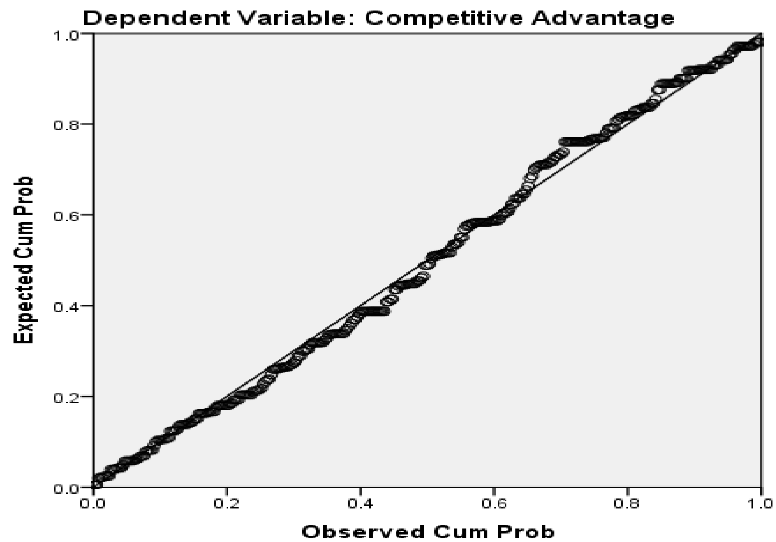

Figure 32. P-P Plot Normality Of Baron and Kenny Step 4 (CSR and System and knowledge perspectives)

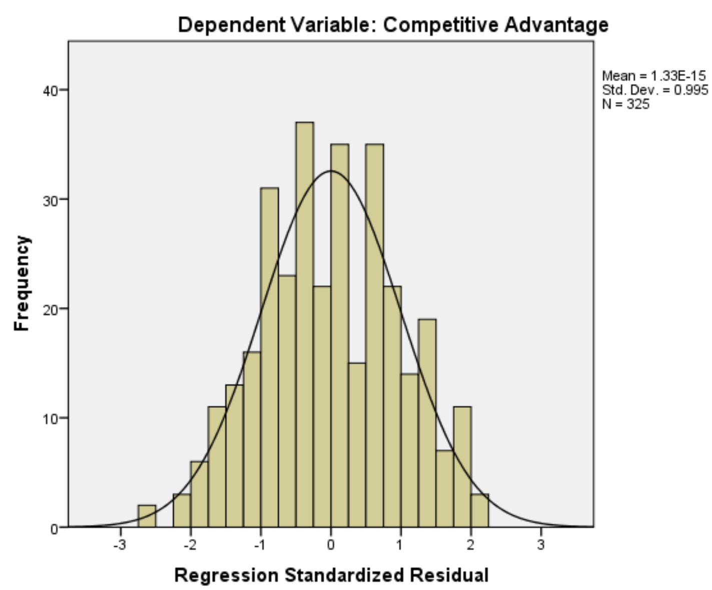

Figure 33. Histogram Normality Of Baron and Kenny Step 4 (CSR and System and knowledge perspectives)

Questionnaire

Part 1: Please fill in the following:

1. Your gender: (1) female (2) male

2. Your age: (1) 26 years or less (2) 27 to 35 years (3) 36 to 45 years
   (4) 46 years and more
3. Your job title: (1) manager (2) Supervisor (3) Head of Department (4) Subordinate

4. Practical Experience: (1) 5 years and less (2) 11 to 15 years
   (3) 6 to 10 year (4) 16 years and above

5. What is your education level: (1) College Degree or less (2) Bachelor's degree
   (3) Graduate degree

#	Corporate Governance	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	Commitment to Corporate Governance					
1	The company has a written corporate governance (CG) policy or manual that deals comprehensively with corporate governance issue.					
2	The Corporate governance issues are discussed in the Annual report of the company.					
3	The CG code or manual specify the major stakeholders, whose interests must be taken into account.					
4	The CG policy or manual is easily available to the regulators and the general public in the case of a publicly listed company.					
5	There is an identified officer of the company tasked with the responsibility of ensuring that the company follows their own CG policy or manual					
6	Company has designated officer to ensure the compliance committee or other appropriate sub -committee of the Board					
	Structure and Functioning of the Board					
7	The Board has a sufficient number of independent directors.					
8	The board members are qualified to discharge their duties.					
9	The Board dedicate enough time.					
10	The Board has a written code for the guidance of directors regarding their rights and duties, their prerogatives and responsibilities					
11	There is a Code of Ethics for the entire Corporation.					
12	The Board has an Audit Committee, composed of in dependent directors, that chooses the external auditor, receives reports directly from the external auditor, oversees the work of the internal auditor, and makes sure that audit and Regulator's findings are duly and properly acted upon.					
13	The Board have actively functioning committees or sub -committees (compliance, nomination, compensation, risk management), composed mainly of					

	independent directors					
14	The Board is provided with all relevant information, within sufficient time for study and analysis, to enable directors to exercise their duties of guiding corporate strategy, monitoring performance and providing oversight to top management.					
15	Board meetings are held according to a regular schedule, agendas prepared in advance, minutes prepared and approved.					
16	The Board have a performance evaluation system to evaluate its own performance					
	Transparency and Disclosure					
17	An internationally recognized accounting and auditing system is in place.					
18	The audit is performed by a recognized national/international firm.					
19	The company publishes meaningful quarterly reports, containing segment reporting as well as results per share, consistent with IAS form					
20	The Annual Report discuss the company's risk management system and its corporate governance practices					
21	The company's annual financial statement is published no later than 3 months and the quarterly report no later than 2 months after the end of the reporting period					
22	The company's Annual Report contains information on significant cross shareholdings (say 5% or more).					
23	Conflicts of interest are fully revealed through a clear and well-established mechanism, approved by the regulatory authorities					
24	Conflicts of interest are disclosed due to the involvement of auditing firms in the provision of non -audit services to the company.					
25	All financial analysts are treated equally regarding information dissemination (is there fair disclosure)					
26	Regular analyst meetings are held (e.g. quarterly or semestrally).					
27	This information, along with the financial calendar, is readily and regularly available					
28	This information, along with the financial					

	calendar, is readily and regularly put on the internet					
	Corporate Social Responsibility					
	Public Charities					
29	The company can bring more harmonious and wealth to local residents					
30	The company carry out welfare activities to vulnerable groups					
31	The company often donate to charities and to poor areas					
	Employee Development					
32	The company pays wages on time and buys enough social insurance for employees					
33	The company actively make staff training and design career plan for them.					
34	The company makes good working environment for employees and pay attention to their health					
	Fair Operation					
35	The company discloses the operation information timely, truly, and completely					
36	The company abides laws, regulations and safeguards the fair market environment					
37	The company can always legally use and dispose of property and insist property rights protection					
	Environmental Protection					
38	The company actively participates in social activities protecting environment					
39	The company uses more environmentally friendly technologies and materials as far as possible.					
40	The company strives to reduce waste of resources and improve the use of resources.					
	Customer Orientation					
41	The company provides customers with products and service at reasonable pricing					
42	The company has established a communication channel, and feedback customers in time.					
43	The company makes a strict and standardized customer information protection.					
	Competitive Advantage					
44	the company has the competitive advantage of low cost compared to other					

	competitors					
45	the quality of the products or services that the company offers is better than that of the competitor's products or services					
46	the company is more capable of R&D and innovation than the competitors					
47	the company has better managerial capability than the competitors					
48	the company's profitability is better					
49	the growth of the company exceeds that of the competitors					
50	the company is the first mover in some important fields and occupies the important position					
51	the corporate image of the company is better than that of the competitors					
	Organization's Learning					
	Managerial Commitment					
52	The managers frequently involve their staff in important decision-making processes.					
53	Employee learning is considered more of an expense than an investment. (R)					
54	The firm's management looks favorably on carrying out changes in any area to adapt to and/or keep ahead of new environmental situations.					
55	Employee learning capability is considered a key factor in this firm.					
56	In this firm, innovative ideas that work are rewarded.					
	Systems perspective (SP)					
57	All employees have generalized knowledge regarding this firm's objectives.					
58	All parts that make up this firm (departments, sections, work teams, and individuals) are well aware of how they contribute to achieving the overall objectives.					
59	All parts that make up this firm are interconnected, working together in a coordinated fashion.					
	Openness and experimentation (EX)					
60	This firm promotes experimentation and innovation as a way of improving the work processes.					

61	This firm follows up what other firms in the sector are doing, adopting those practices and techniques it believes to be useful and interesting.					
62	Experiences and ideas provided by external sources (advisors, customers, training firms, etc.) are considered a useful instrument for this firm's learning.					
63	Part of this firm's culture is that employees can express their opinions and make suggestions regarding the procedures and methods in place for carrying out tasks.					
	Knowledge transfer and integration (TR)					
64	Errors and failures are always discussed and analyzed in this firm, on all levels.					
65	Employees have the chance to talk among themselves about new ideas, programs, and activities that might be of use to the firm.					
66	In this firm, teamwork is not the usual way to work.(R)					
67	The firm has instruments (manuals, databases, files, organizational routines, etc.) that allow what has been learnt in past situations to remain valid, although the employees are no longer the same.					