

The impact of traineeships on Corporate Social Responsibility: The mediating role of perceived corporate reputation (a case study of Sonelgaz laghouat, Algeria)

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Summary: This study aims to investigate the impact of the traineeships (TSP) provided by companies on their Corporate Social Responsibility (CSR) through the mediation of corporate reputation (PCR). This study measures Algerian city of Laghouat citizens' perception regarding Traineeships, corporate reputation and Social Responsibility of Sonelgaz company. A path analysis of data collected from seventy citizens and analyzed using SMAT PLS3 indicates that (TSP) have an indirect impact on (CSR), the (PCR) has a full mediation role between (TSP) and (CSR). Findings show the importance of traineeships in enhancing the corporation's reputation, which improves its social responsibility from the community's perspective. The results indicate that Sonelgaz should emphasize greater attention to its public relations communication plan by including Traineeships.

Keywords: Traineeship; Corporate Social Responsibility; Corporate reputation.

Jel Classification Codes : M10 ; M14.

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I-Introduction:

Over the past decades, corporate social responsibility (CSR) has gained a considerable interest among researchers and companies. CSR practices are of great interest to stakeholders, such as internal customers, business partners, owners, governments and consumers. Corporate social responsibility (CSR) activities contribute to the well-being of society and the preservation of the environment. This contribution creates a positive image in the minds of the societymembers and thus enhances the company's reputation (Esen, 2013). On the other hand, training creates great value for young people when they leave school. Training gives them a second chance to learn and acquire skills, which increases their chances of obtaining a job in the future from this potential opportunity. According to Ministère de Formation et de l'Enseignement Professionnel. MFEP, more than 70% of trainees follow their training in economic sector companies (MFEP, 2020). Traineeships gain a good reputation from youth, parents and the whole society, and that is what companies are looking for when doing CSR activities. From this perspective, the following question arises: can companies use Traineeships in their social responsibilities practices to increase their social responsibility and reputation?

I.1. Problem definition

To what extent does TSP contribute to enhancing the CSR of Sonelgaz from the perspective of Laghouat citizens?

To what extent PCR influences CSR?

To what extent TSP influences PCR?

Is PCR mediating the relationship between TSP and CSR?

I. 2. Research limitations/Implications:

This research is an empirical study to develop a model to investigate the mediation role of the PCR in the relationship between TSP and CSR. The variables should be measured, and the hypothesis about the relationship between them will be tested.

I. 3. Study Hypothesis:

To answer the main question and the secondary ones, the researcher propose the following hypothesis:

H1: TSP has a positive effect on PCR.

H2: PRC has a positive effect on CSR.

H3: TSP has a positive effect on CSR.

H4: PRC positively mediates the relationship between TSP and CSR.

I.4. Previous studies:

In this section six CSR and CR related empirical studies have been reviewed,

- Hsu, (2012), This study explores the persuasive advertising and informative advertising impacts of CSR efforts on company reputation and brand equity based on the data from the life insurance sector in Taiwan. From a sample composed of 383 Participants which are familiar with CSR initiatives from life insurance companies. The study reveals, policyholders' opinions of the CSR activities of life insurance firms have positive impacts on corporate reputation and CSR initiatives' advertising effects on corporate reputation are just informative.
- Hur et al., (2014) The objectives of this article is to look at the relationship between CSR, corporate brand credibility and corporate brand equity, and CR. An examination of structural equation modeling showed support for the assumptions from a sample of 867 South Korean consumers. According to the findings, CSR has a direct positive impact on corporate brand credibility and CR. Furthermore, the findings show that corporate brand credibility mediates the relationship between CSR and CR. Corporate brand credibility and CR mediate the link between CSR and corporate brand equity in a sequential manner.
- Šontaitė-Petkevičienė, (2015) This paper analyses corporate social responsibility in relation to corporate reputation building and management. The results based on analyzed literature reviews show that CSR is one of the most important drivers of corporate reputation. And the risk of losing a company's reputation is viewed as a major motivator for businesses to invest in CSR.
- Park et al., (2014) This study develops and evaluates a model of corporate social responsibility (CSR) that defines connections between four kinds of CSR efforts as independent variables, three forms of consumer trust as mediating variables, and four types of CSR initiatives as dependent variables. The sample consisted of 145 business school students and 449 general consumers collected from two cities in South Korea Seoul and Daegu. The findings indicate that the firm's implementation of economic and legal CSR activities has a direct positive impact on corporate reputation. This research indicates that all three forms of trust partially or completely mitigate the impact of the four CSR activities on corporate reputation.
- Aqueveque et al., (2018) in This study researchers investigate how Perceived CSR could

enhance corporate reputation, a sample consists of 360 senior undergraduate students enrolled at a university in Chile. Findings show that CSR initiative legitimacy and situational skepticism moderate the association between Perceived CSR fit and corporate reputation.

- Bianchi et al. (2019) The purpose of this research was to examine the effect of perceived CSR on purchase intention and corporate reputation, whilst considering the role of brand image, satisfaction and brand loyalty. The sample was made up of 429 consumers who were chosen using non-probabilistic sampling in Argentina, with age and gender quotas. The measurement model was validated using confirmatory factor analysis. The study hypotheses were validated using structural equation modeling. Except for the impact of perceived CSR on emotional satisfaction, all direct and indirect factors in the model were significant. As a result, the suggested causal chain is useful for understanding how CSR perceptions impact purchase intention and perceived reputation.

II-Theoretical background:

II.1. Traineeship:

In this study the Traineeships provided by the companies are introduced as an independent variable. According to Collins English dictionary, a traineeship is “the state or position of someone who is employed at a low level in a particular job in order to learn the skills needed for that job” (Harper, 2000). Traineeships are for new entrants or Reentrants to the Labor market or Existing workers who want to upgrade their skills. Moreover, traineeships are found in many industries and a variety of occupational groups, on a full time or part time. (Stromback & Mahendran, 2016)

II.2. Corporate Social Responsibility :

Carroll, (1979) Defines corporate social responsibility as the full range of obligations that has a business to society. He cites four categories: economic, legal, ethical and Philanthropic Responsibilities. Carroll proposed his famous pyramid (Figure n°1) which economic responsibilities is the base because it is important like the footings of the building must be strong. Simultaneously, society sends a message to business that it is expected to respect the law and comply with regulations, because companies work in civil society it must respect the laws. Furthermore, businesses are required to conduct themselves ethically. This means that businesses are expected, and have a duty, to do what is right, just, and fair, and to avoid or minimize harm to all stakeholders with whom they engage. Finally, companies are expected to be good corporate citizens, that is, to give back to the communities in which they operate by contributing financial, physical, and human resources. In summary, the pyramid is constructed in such a way that it represents the essential functions that business plays and is expected to play in society (Carroll, 2016)

In this research we focus on the discretionary society expectations, which is traineeships. It can

enter here as a voluntary activity that the company does even if it doesn't need to recruit trained youth in the future for itself.

II.3. Corporate Reputation :

Companies should have good corporate citizenship and transparency initiatives that could be seen in actions to create a positive corporate image.

The corporate reputation touches different social expectations or corporate personality traits that people attribute to companies. (Wartick, 2003) defines reputation as: "reputation, be it corporate or otherwise, cannot be argued to be anything but purely perceptual."

There is a difference between corporate reputation, identity and corporate image. Both identity and organizational image are conceptualized from just one group of stakeholders. Hence, identity is from the internal stakeholders' perspective and the image from external ones (Berens, G., & Van Riel, 2004).

Differences between Corporate Identity, Image, and Reputation Concepts:

The difficulty in determining corporate reputation comes from a confusion of the concept of identity, image, and reputation. In Table n°1 Stockmyer, (2016) shows in his thesis the differences between the three concepts based on systematic review of the literature.

Barnett et al., (2003) defines CR as Observers' collective judgments of a corporation based on assessments of the financial, social, and environmental impacts attributed to the corporation over time. the researchers in this paper propose for clear distinctions between and among categories that use to be encompassed in reputation definition, as well as a more focused definition of corporate reputation. Figure n°2 shows the disaggregating corporate reputation.

III-Methods and material:

III.1. company profile

Groupe Sonelgaz (National Society for Electricity and Gas) is a state-owned utility in charge of electricity and natural gas production and distribution in Algeria. Established in 1969, replacing the Electricité et Gaz d'Algérie (EGA), it has a monopoly over the production, distribution and selling of natural gas in Algeria, distribution, importation, and exportation of electricity. The Sonelgaz Group comprises 16 companies directly managed by the Holding, 18 joint ventures with Group entities and ten joint ventures with third parties. At the end of December 2018, the Sonelgaz Group employed 91,218 employees. In this study, Direction de distribution de Laghouat has been chosen as a case study.

III.2. Research Model:

The research model in this study is composed of one independent variable TSP, one dependent variable CSR and a mediator PCR.

- **Traineeships (TSP):** in this model, the researchers designed a measurement instrument to evaluate the existence of the traineeships practices, policies and activities in the company. Citizens give their opinions about it according to the five-point Likert scale.
- **Corporate social responsibility (CSR):** is the company's activities to ensure the benefits of Laghouat community. Items for measuring social responsibility are indicators developed from Mishra and Suar studies (Mishra & Suar, 2010), studies of Emel esen (Esen, 2013) and the theoretical background. CSR policies and activities are measured from the perspective of local citizens according to the five-point Likert scale.
- **Perceived corporate reputation (PCR):** this observed mediator variable is measured by items developed from the studies of Fombrun et al. (Fombrun et al., 2000), Emel esen (Esen,

2013) and the theoretical background using the five-point Likert scale.

III.3. Analysis methods

To analyze the collected data. And test hypotheses, Smart PLS version 3.3.2 software is used to evaluate the reliability of the measurement, the Model, and hypotheses testing. Analysis began with preliminary considerations, then assessment of the measurement model and finally the structural model assessment (Hair et al., 2019). In the first part (measurement model), composite reliability and validity have been tested. The second part is the internal model (structural model) assessment significance, coefficient of determination, predictive relevance and effect size, and hypothesis testing.

III.4. sample

A random sample of local laghouat citizens has been chosen, and an electronic questionnaire has been sent via social media support to 400 accounts and local active pages. Within five days, 92 survey forms were collected, 70 questionnaires were valid to be included in the analysis.

IV-Results and Discussion

IV.1. Measurement Model assessment:

As said in analysis methods, the first step is to check the construct's Reliability and Validity. Results are showed in Table n°2 as follow:

IV.1.1. Construct Reliability and Validity:

The Construct Reliability and Validity outputs show that Cronbach's alpha is above 0,7. AVE value is above 0,5, and CR value is above 0,7, which means that the construct is reliable and valid.

IV.1.2. assessment of discriminant validity:

Discriminant validity assessment using Fornel-lacker criterion, the results show that the square root of the average variance (AVE) for each latent construct exceeds the correlation of other constructs, values in (Table 3) provide evidence to support discriminant validity(Fornell, C., & Larcker, 2016)

IV.2. Structural model assessment:

Before proceeding with the steps of internal model assessment, multicollinearity must be checked to ensure that collinearity does not bias regression (Hair et al., 2019). in this study inner Variance inflation factor VIF values are 1, 3,695 and 3,69 (Table 4). All values are <5 which mean that variables do not have collinearity issue(Hair et al., 2019)

IV.2.1. Path coefficient assessment in the structural model showing the power of the relation between the three latent variables by the R-square value. A bootstrapping resampling technique was performed to find the level of the path within the structural model. results of the structural model are shown in Table 5:

path coefficient shows that the relations between (TSP) and (PCR), (PCR) and (CSR) and the relation between (TSP) and (CSR) through (PCR) are statistically significant at five percent significance ($p < 0.05$), the direct relation between (TSP) and (CSR) is not significant

IV.2.2.coefficient of determination (R²):

the coefficient of determination, also known as R-squared or (R^2), is a statistical measurement used to assess the structural model. It examines how differences in one variable can be explained by the difference in a second one. In this study, values of R^2 are 0,854, 0,668, 0,155 and 0,571 (Table 3), which are good values (W.CHIN, 1998).

IV.2.3. predictive relevance (Q^2):

In addition to R-squared as a criterion of predictive accuracy, the Q^2 value of latent variables is also used as predictive accuracy evaluation. It results from using the blindfolding procedure (Geisser, 1974) when the Q^2 value is higher than 0. 0,25 and 0,5, which means small, medium and large predictive accuracy of the PLS path model. In this study Q^2 values are 0,538 and 0,408 respectively which means the model has a large predictive accuracy for the (PCR) and a medium one for the (CSR) latent variable.

IV.2.4. Effect size, f^2

Effect size f^2 is used to assess the strength of the exogenous construct's contribution to explaining the endogenous (dependent) construct regarding R-squared. In this study, values are 2,695 for the independent variable and 0,344 for the mediator latent variable. Results (Table 6) show that there are large f^2 effect sizes (Cohen, 1992)

IV.3. Hypothesis testing:

Smart PLS outputs (Fig.4) illustrates that the hypothesis H1 is supported and significant at ($p < 0.05$ statistics ($t = 17,838$, $p = 0,000$). indicates that perceived corporate reputation is strongly influenced directly and positively by Traineeships provided by Sonelgaz Laghouat. ($\beta = 0,854$) hypothesis H2 is also supported and significant at ($p < 0.05$ statistics. ($t = 4,503$ and $p = 0,000$. indicates that Corporate social responsibility is influenced directly and positively by the perceived corporate reputation of Sonelgaz Laghouat. ($\beta = 0,668$) hypothesis H3, there is no statistical significance at ($p < 0.05$. ($t = 0,865$ and $p = 0,387$. indicates that Corporate social responsibility is not influenced by the Traineeships provided by Sonelgaz Laghouat ($\beta = 0,155$)

From Smart PLS outputs (Fig.5), hypothesis H4 is supported and significant at ($p < 0.05$ statistics. ($t = 4,349$ and $p = 0,000$. Those values indicate that Corporate social responsibility is influenced positively by the traineeships provided by Sonelgaz Laghouat through the mediation of the perceived corporate reputation of Sonelgaz Laghouat. ($\beta = 0,571$)

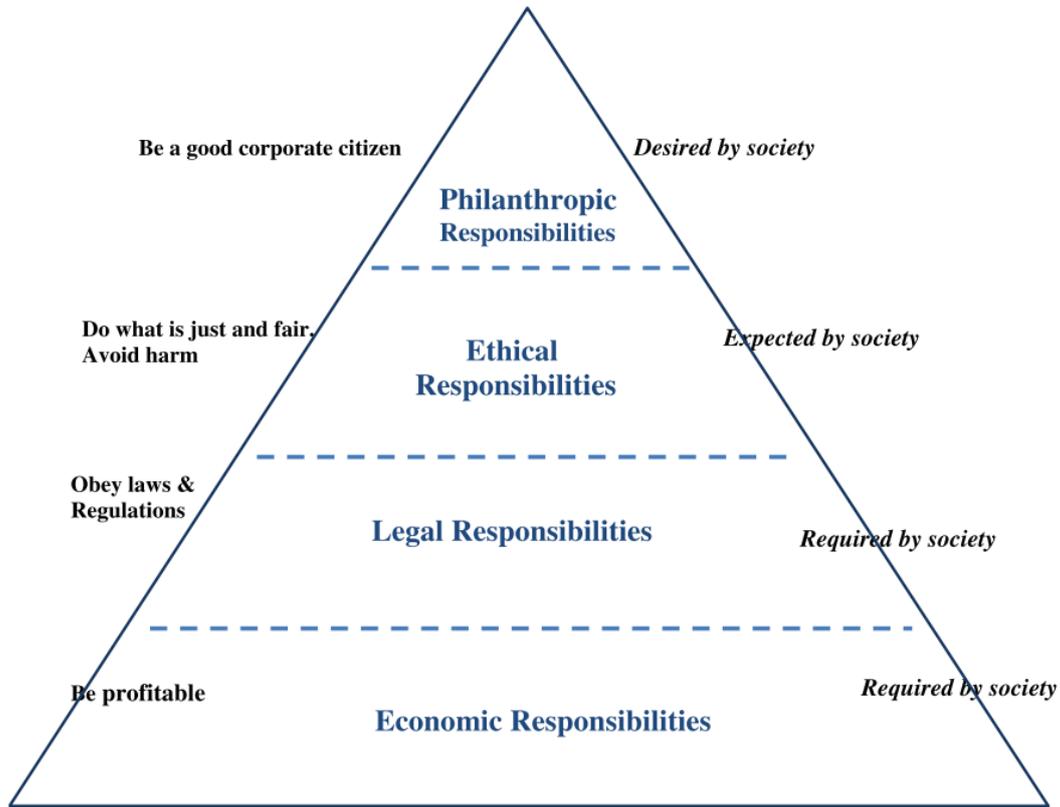
Table 5 shows that the TSP's direct effect on CSR is not significant ($P < 0,05$). Simultaneously, there is a statistical signification in the indirect effect between TSP and CSR through PCR mediation. results show that the mediation in this model is a full mediation type

V-Conclusion:

The perceived corporate reputation is a crucial aspect for any company that wants to be socially responsible. The large companies, or the ones that want to be large, must act positively in their environment to obtain a positive image toward customers, stakeholders, the local community, and society. This study shows that Sonelgaz should implement more traineeships programs for different people categories in the future. Also, it shows that the Sonelgaz has poor communication with society. A good communication plan is to promote through the local channels of communication such as local radio, social media and other official channels. It can help the company obtain a good reputation, which leads to creating or/and enhancing the local citizens' positive perception toward the company's social responsibilities.

- Appendices

Figure (1):Carroll’sPyramid



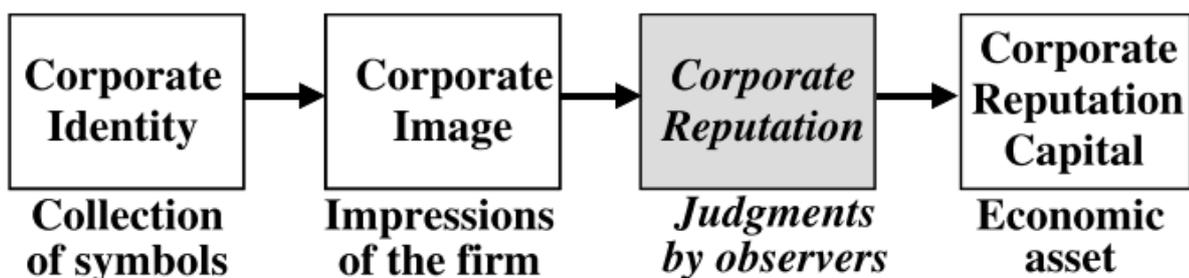
Source :Carroll, (2016)

Table (1): differences between identity, image, and reputation.

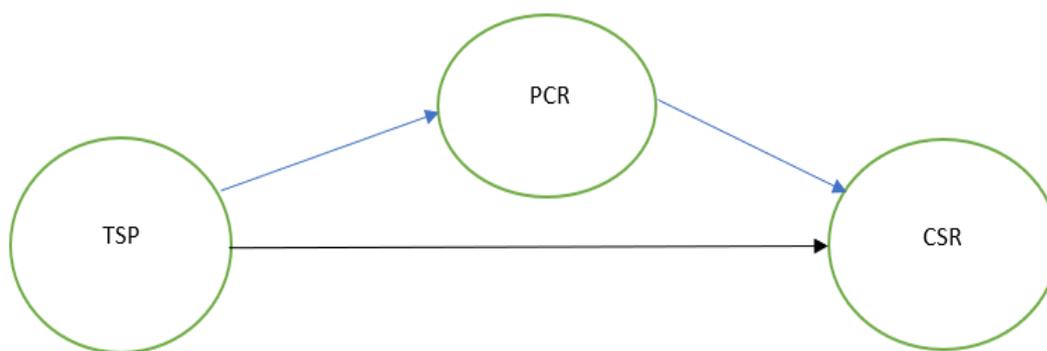
	IDENTITY	IMAGE	REPUTATION
STAKEHOLDERS	Internal	External	Both
PERCEPTIONS	Actual	Desired	Actual
EMANATES FROM	Inside firm	Outsidefirm	Both
POSITIVE OR NEGATIVE	Either	Positive	Either
RELEVANT QUESTION	Who/what do we believe we are?	Who/what do we want others to think we are?	Who are we seen to be?

Source: Stockmyer, (2016)

Figure (2): the disaggregating corporate reputation.



Source: Barnett et al., (2003)
Figure (3):the Research model



Source: researchers

Table (2): Construct Reliability and Validity

	Cronbach Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
TSP	0,927	0,938	0,942	0,700
CR	0,898	0,901	0,931	0,770
CSR	0,876	0,886	0,912	0,677

Source:outputs of Smart Pls

Table (3): Discriminant Validity Fornell-Larcker Criterion

	Tsp	CR	CSR
TSP	0,837		
CR	0,855	0,877	
CSR	0,726	0,802	0,823

Source :outputs of Smart Pls

Table (4): Inner VIF values

	Tsp	PCR	CSR
TSP		1.000	3.695
PCR			3.695

Source: outputs of Smart Pls

Table (5): Path Coefficients along with their bootstrap values and ‘T’ Values

	Original simple	Sample mean	Standard deviation	T statistics	P values	Supported
Tsp-> PCR	0,854	0,854	0,048	17,838	0,000	Yes
PCR->CSR	0,668	0,670	0,148	4,503	0,000	Yes
TSP->CSR	0,155	0,151	0,180	0,865	0,387	No
TSP-> PCR ->CSR	0,571	0,571	0,131	4,349	0,000	Yes

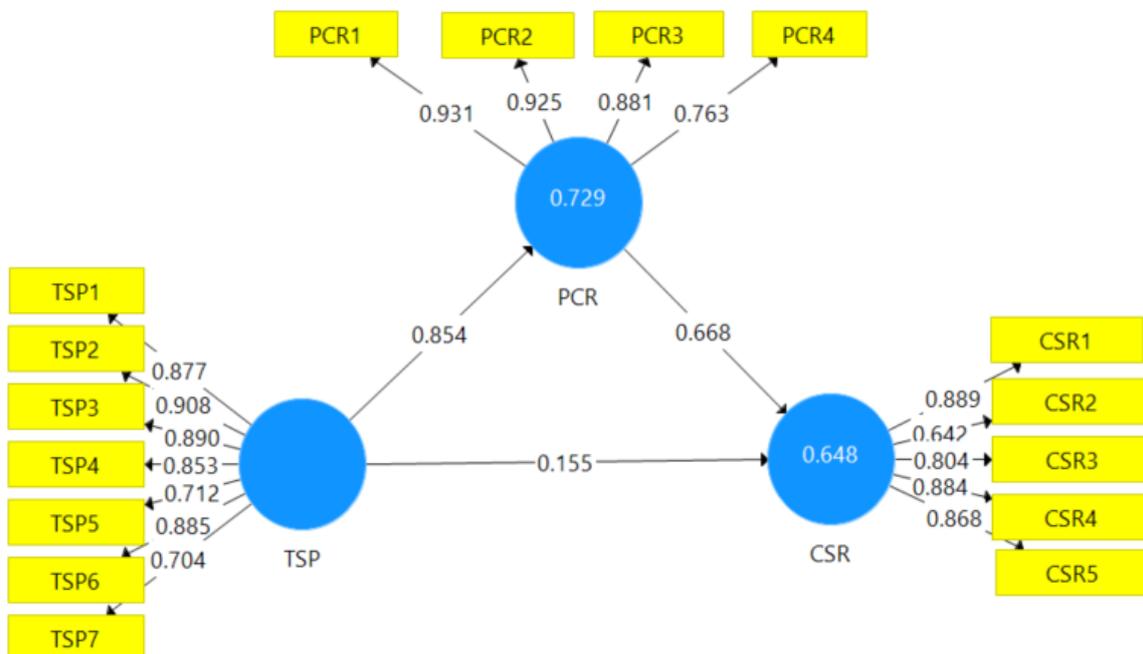
Source: outputs of Smart Pls

Table (6): Effect size, f2

	Tsp	PCR	CSR
TSP		2,695	0,019
PCR			0,344

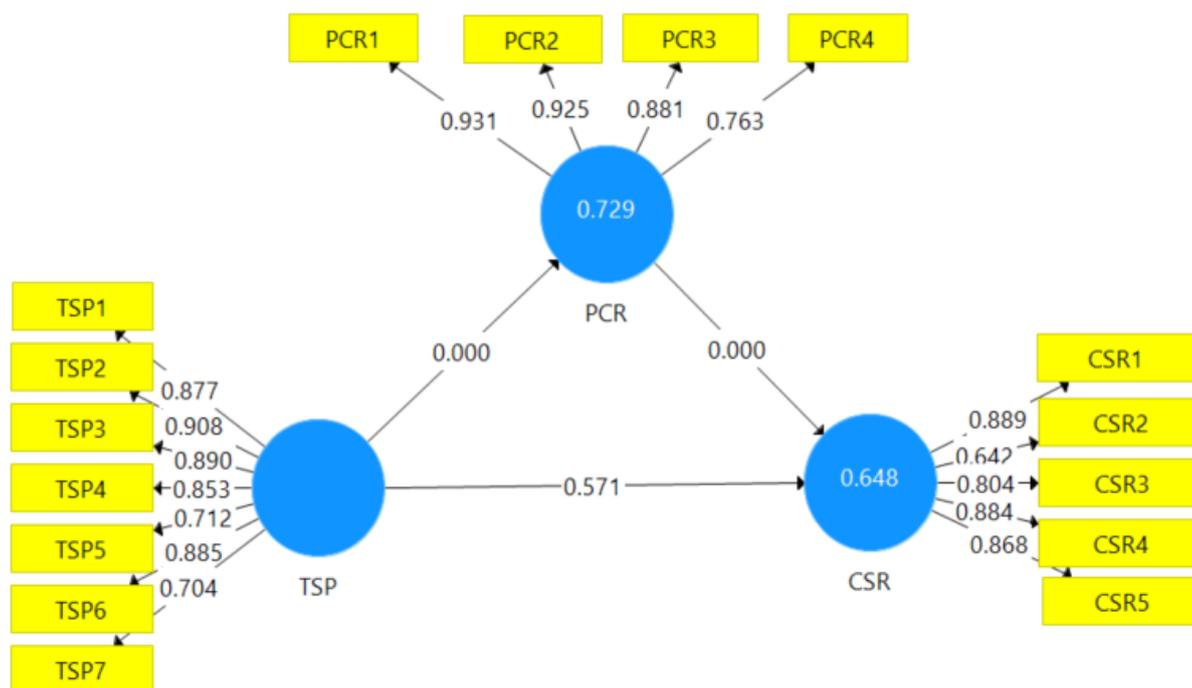
Source: outputs of Smart Pls

Figure (4): Smart PLS Model construct assessment of the direct effects



Source: outputs of Smart Pls

Figure (5): Smart PLS Model construct assessment of the Indirect effects



Source: outputs of Smart Pls

based on the results of hypotheses H3 and H4, mediation analysis is conducted, as illustrates in Table (7)

Table (7): Mediation analysis

Relation	Direct effect	T value	P-value	P< 0.05	Indirect effect	T value	P-value	P< 0.05	Mediation	Type of mediation
TSP->CSR	0,155	0,865	0,387	No	0,571	4,349	0,000	Yes	Yes	Full mediation

Source:outputs of Smart Pls

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