



The Impact of ESG on Strategic Success in Jordanian Islamic Banks

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ABSTRACT

The study aimed to identify the criteria of ESG with its dimensions (Environmental, Social, and Governance) in Strategic Success with its combined dimensions (Specific Strategy, Specific Implementation, Motivational Culture, and Continuous Innovation). The random sample consists of managers that working in Jordanian Islamic banks with a total of (108) individuals. The study adopted the questionnaire as the study tool and was distributed to the respondents. The questionnaire was developed based on previous studies, and the answers were analyzed using the statistical analysis program (SPSS). The study concluded that there is a high level of implementation of governance pillars and Strategic Success in Jordanian Islamic banks, and that there is a statistically significant impact of all governance pillars represented by (Environmental, Social, and Governance) on Strategic Success. The study recommended that Jordanian Islamic banks must continue to implement governance pillars (ESG) and do more work toward achieving Strategic Success.

Keywords: Governance Pillars, Strategic Success, Corporate Governance, Islamic Banks, Jordan

JEL Classifications: M14, G34

1. INTRODUCTION

The global economic and financial crisis has had a big negative effect on international markets, especially in the last 20 years. This has been a big blow to these markets and has led to the rise of many economic issues that need a quick response from the major players in the modern business world on the one hand and the organizers on the other. This is because of its social, environmental, and economic impacts (Babin and Nicholson, 2011).

Accordingly, global crises, especially those that happen quickly, have become one of the most dangerous reasons why organizations don't succeed and one of the hardest things they have to deal with. Moral and financial worries are growing in organizations because of things like the fear that they won't have quite enough money to pay for their investments and the difficulty of attracting investments, especially external ones, and strategic partnerships. This has made organizations more interested in how to achieve and keep long-term Strategic Success (Galbreath, 2013).

As a result, regulatory and legislative authorities in the countries as a whole have called for the commitment of organizations in their various forms to prepare periodic reports in which they disclose the results of their activities and operations that enhance the reliability of the information provided so that the reporting process remains one of the top priorities of the organizations that must be met due to the integrity and reliability of these communications-so increasing their investment opportunities (Alqallaf and Alareeni, 2018).

In the same way, the disclosure of reports is beneficial to the economy since it gives information and data of interest to all stakeholders and aids in making the correct choice and avoiding any issues that the organization may face. It also helps to preserve shareholder trust and attract funds and investments (Alareeni and Hamdan, 2020). Disclosure of reports also plays an important role in showing organizations' strategies regarding their strategic growth and assists them in achieving their Strategic Success by swiftly responding to the requirements of legislators and governments and the demands of stakeholders, based on

what these body systems are doing in establishing regulations covering social and environmental aspects to ensure that the Organizations provide the bodies responsible for their practices and the extent of their impacts with the information they need (Sahut and Pasquini, 2015).

In contrast, the disclosure of incorrect reports raises the likelihood of unethical behavior and market integrity issues, exposing organizations to additional costs that have a negative impact on national economies.

1.1. The Study Problem

Through this study, the researcher aims to determine the impact of applying the pillars of environmental, social, and governance practices that control the improper management of its strategies on its Strategic Success, as the improper use of these pillars calls into question the organization's credibility, reputation, and image, thereby affecting its growth, stability, and sustainability.

Consequently, the study problem may be expressed as the following primary question:

What is the impact of ESG (Environmental, Social, and Governance) in Strategic Success in Jordanian Islamic banks?

The following questions arise from it:

1. What is the relative importance of ESG in Jordanian Islamic banks?
2. What is the relative importance of Strategic Success with its dimensions (specific strategy, specific implementation, motivational culture, continuous innovation) on Jordanian Islamic banks?
3. What is the impact of environmental governance on achieving Strategic Success in Jordanian Islamic banks?
4. What is the impact of social governance on achieving Strategic Success in Jordanian Islamic banks?
5. What is the impact of corporate governance on achieving Strategic Success in Jordanian Islamic banks?

1.2. The Study Importance

There is a number of factors that rise the study's importance, including the researcher's interest in the current study's variables because of their significance and impact on organizations, especially in a rapidly changing, dynamic environment surrounded by many environmental, economic, and political variables from different parts of the world, as well as its scientific importance, which is reflected by inviting a large number of researchers and those interested in conducting further research. In addition to what the researcher expected, it is anticipated that the findings and suggestions of this study will serve as a guide for Jordanian Islamic banks in managing their governance and that the intended advantages would be extended to all organizations in comparable sectors.

1.3. The Study Objectives

The researcher aimed to address the issue of the study from a theoretical scientific point of view, represented by clarifying the basic concepts of the study variables (ESG, and Strategic

Success), as well as the dimensions of each of them, as well as their importance and practices. The researcher also aimed to address the problem from an applied practical point of view by identifying the extent to which Jordanian Islamic banks apply ESG in their presented reports and the extent of disclosing it and reaching the results and recommendations in this regard.

1.4. Research Framework and Hypotheses

The study aims to examine the impact of ESG pillars on Strategic Success, for that the researcher developed the following hypotheses:

- H01: There is no statistically significant impact at level ($\alpha \leq 0.05$) of ESG with its dimensions (Environmental governance, Social governance, and Corporate governance) on Strategic Success.
- Three sub-hypotheses are derived from the main hypothesis as follows:
 - H0₁₋₁: There is no statistically significant impact at level ($\alpha \leq 0.05$) of Environmental governance on Strategic Success
 - H0₁₋₂: There is no statistically significant impact at level ($\alpha \leq 0.05$) of Social governance on Strategic Success
 - H0₁₋₃: There is no statistically significant impact at level ($\alpha \leq 0.05$) of Corporate governance on Strategic Success.

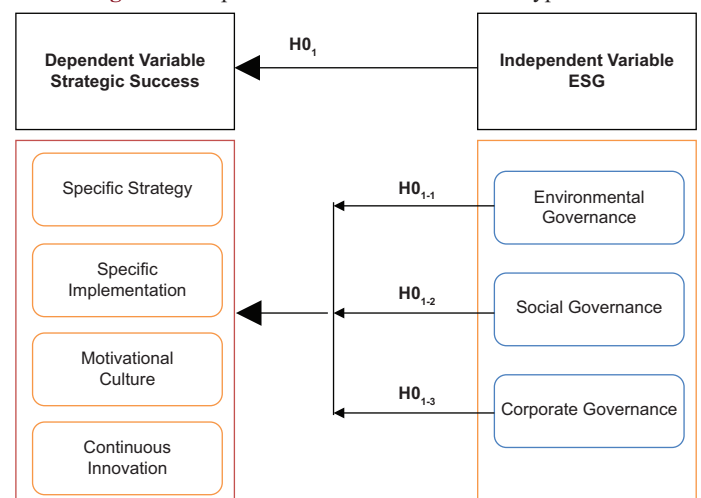
Based on what was specified in the study's objectives and variables and on the previous relevant studies the researcher built the study framework as shown in Figure 1.

2. THEORETICAL BACKGROUND

2.1. ESG

The Pillars of ESG (Environmental, Social, and Governance) are defined as practices reported by organizations that address how they deal with challenges and events impacting them in several key aspects represented by the environment, internal operations, and social development from a comprehensive view (Kengathran, 2018; Przychodzen et al., 2016).

Figure 1: Proposed research framework and hypotheses



Source: Prepared by the researcher based on previous studies

It is also described as those principles and standards of a guiding nature that involve the tactics and procedures adopted by organizations in order to acquire the confidence of their stakeholders and the parties most closely associated with them. These pillars are also viewed as everything that organizations do in terms of information and full disclosure relating their practices respect to environmental, social, and corporate governance through the reports they issue on sustainability, which are viewed as proactive issues and topics that public shareholding organizations implement and combine into their long-term strategies (Drempetic et al., 2020).

The approved standards for environmental, social, and corporate governance are manifested by adding many features to organizations that are typically not indicated by the financial and accounting statements published by the organizations, as these data fail to show the value of goodwill, commercial property rights, the organization's internal culture, and its societal effects, as well as the quality of services provided to clients and future strategies. Thus, by utilizing ESG, organizations can present non-financial data to various stakeholders in a comprehensive and clear manner, allowing them to determine the extent to which the organization's management supports and adheres to its standards in order to achieve Strategic Success in its industry (Ahmad et al., 2022).

ESG also helps to give a comprehensive vision of the organization's management estimates and provide the necessary information that enables them to respond to the wishes of customers, in addition to the fact that the ESG improves the image of the organization in the minds of its dealers and build a good reputation among all parties about it. In addition, organizations that adhere to ESG standards have extensive knowledge of long-term strategic issues, achieve their desired goals, and are able to make the most appropriate decisions to ensure sustainability and a positive public image, which represents a significant competitive advantage over organizations that do not adhere to governance standards (Zumente and Bistrova, 2021).

The findings about ESG performance on companies were differed in researches according to their environments, variables chosen in the study, and different considerations. Cek and Eyupoglu (2020) found a considerable impact of ESG on economic performance. In their results it was evident that social and governance performance had a strong impact on economic performance, and environmental performance had a minimal impact. Also, economic performance has been shown to be well predicted by social performance, and corporate governance performance surpasses both social and environmental performance. The results confirm that companies from various regions have various choices, policies, and goals, therefore various results should be predicted. Naeem and Sankaya (2022) explained by their research results that ESG performance considerably improves ROE, which measures a company's total profitability.

2.2. ESG Dimensions

2.2.1. Environmental governance

As a result of the growing environmental challenges and their impact on international security, environmental concerns are now

seen as a priority for the public policies of nations throughout the globe. While international environmental policies are among the strategies used to execute and promote environmental governance (Guerras and Demdoun, 2022).

Environmental governance refers to the set of institutions, political systems, financial methods, rules, procedures, and standards that control environmental protection efforts. Environmental governance's primary purpose is to improve and preserve the condition of the environment and achieve sustainable development (Benfatima, 2021).

Environmental governance is defined as a set of organizational procedures and mechanisms to rationalize human interaction with his environment in all uses and various activities (Benzerrouk et al., 2020).

According to Chougrani (2014), the components of environmental governance are determined by three main elements: first, integrating all environmental issues and subjecting them to environmental decision-making activities and processes; second, recognizing that all sectors, with their differences, have a direct or indirect impact on the environment; and third, the existence of an impact on activities and practices of Individuals, governments, and international corporations degrade the global environmental system.

Several studies show that obtaining returns on investment, profit growth, and revenue growth is strongly correlated with the disclosure of environmental practices, which considerably increases strategic success. Among these studies, Mohammad and Wasiuzzaman (2021) found that the increase in sales volume and achievement of the organization's strategic goals increase with the rise in excellence in environmental performance and support for activities related to the environment and that the status and reputation of organizations improve with the disclosure of annual environmental reports.

2.2.2. Social governance

It should be noted at the beginning that there is still ambiguity in defining the precise meaning of the concept of social governance, as some view social governance as voluntary charitable work. However, social governance has a broader and deeper meaning in achieving economic and social development than charitable work (Frynas and Yamahaki, 2016).

Social governance has many different definitions in organizations, including that it encompasses all actions and procedures that represent societies in a transparent manner and adhere to international standards for social integration (Smith and Alexander, 2013; Verboven, 2011). Girerd-Potin et al. (2013) define it as the administrative practice and activity that includes several implicit special considerations, such as respecting employees, contributing to the promotion of human rights, and preserving the environment, in addition to effective partnership between organizations and society to achieve the growth and prosperity of these organizations and society as a whole.

Social governance plays a crucial role in helping organizations in identifying the needs and requirements of society and the preferences of its individuals, which organizations attempt to fulfill and secure via the implementation of programs and activities that are in line with the demands of society (Golob et al., 2019). It also helps achieve societal progress by improving services provided to customers, attracting more employees, increasing economic value and activating the economic wheel in the region (Susilo, et al., 2019).

Various studies indicated a positive impact of the social responsibility and social performance strategies disclosed in the organization's annual reports on its financial performance, as these strategies have a significant impact on gaining customer satisfaction and increasing their loyalty, thereby increasing the organization's market value and Strategic Success (Landi and Sciarrelli, 2018; Gillan et al., 2021).

Regarding the impact of social responsibility on markets specifically, it improves the organization's competitiveness in all markets in general, and emerging markets in particular, since it raises its capacity to handle the risks to which it is exposed and constitute a danger to its existence (Hiep et al., 2021; Amel-Zadeh and Serafeim, 2018). Some researchers believe that adopting social responsibility and its modern practice increases the confidence of stakeholders, enhances the organization's image, and improves the reliability of the data and reports it discloses, resulting in increased investments and enhanced capabilities to face threats and challenges (Alazzani et al., 2021).

2.2.3. Corporate governance

The 2008 global financial crisis affected the majority of major organizations in a variety of industries and forced a number of them to exit the market, which was a result of the failure of many of them to implement the rules of corporate governance. Corporate governance has become an integral part of the director's responsibilities, through which it strives for complete and accurate disclosure of its procedures and activities (Gennaro and Nietlispach, 2021).

From this point of view, corporate governance is seen as the main factor in improving the organizational performance of all parties and all stakeholders, including shareholders, managers, clients and others (Grabinska et al., 2021). Corporate governance has a significant impact on reducing agency costs and ensuring the organization's continuity and Strategic Success (Alazzani et al., 2021).

Corporate governance is defined by Khatib and Nour (2021) as the organizational and administrative methods, procedures, and methodologies that allow for a balance between each stakeholder, including shareholders and investors, and the organization as an economic entity in a way that achieves the interest and ensures the proper implementation of strategies and achievement of goals to reach the desired success that results in profitability and stability.

Corporate governance practices of a strategic nature are defined as all the actions and steps taken by organizations with the aim

of coordinating their activities in a way that enhances their business and supports responsibilities towards shareholders in the long future, taking into account all parties involved with them (Kengkathran, 2018).

According to Musah and Adutwumwaa (2021), and Ellili (2022), the organization's disclosure of its institutional performance and its commitment to corporate governance contribute significantly to providing accurate financial and non-financial data and work to improve and develop the organization's overall internal and external operations as predetermined.

2.3. Strategic Success

Almawadyeh and Albashabsheh (2022) defined organizational Strategic Success as the ability and determination of organizations to achieve a set of future goals agreed upon in their statement, mission, and goals, and in a manner that translates their previously formulated vision through their administrative functions of planning, implementation, coordination, control, and accompanying processes, as well as proper evaluation and development.

In light of the foregoing, in order for organizations to achieve strategic success, they must establish measurable goals that enable employees to track and evaluate them, be realistic and applicable in accordance with the organization's available resources, and achieve customer satisfaction through the development of human capital and intellectual capital, and place them in the order of priority (Eisenberg et al., 2015).

Regarding the importance of strategic success, many studies have shown its desired and hoped-for outcomes, such as the study of Almawadyeh and Albashabsheh (2022), which demonstrated that achieving Strategic Success greatly helps organizations in remaining competitive, supports the organization in achieving various successes at various levels and improves the organization's market position. Also organizational agility is one of the most significant aspects of strategic success.

Companies are able to gather Strategic Success components that shape their long-term competitive position, to be converted from market-relevant capabilities into competitive advantages to achieve success. Which therefore changes the company's management and improves Strategic Success (Orlov et al., 2020)

The formulation, implementation, and success of a strategy are all influenced by a variety of factors. The maturity of policies, capabilities, values, competences, cultures, and business relationships should be embraced by organizations since these factors occasionally affect nearly every aspect of strategy and culture. Nevertheless, a variety of factors affect how well a strategy is implemented, and these factors vary by region. For instance, religion, weather, and cultural values are important variables in Middle Eastern nations (Alharthy et al., 2017).

2.4. Strategic Success Dimensions

2.4.1. Specific strategy

The organization's planned strategy is regarded as the most important and influential factor in the conduct of its business and

its pursuit of excellence and success. The strategic direction and the plans and objectives that emerge from the strategy are crucial to achieving strategic success, and strategies must be characterized by high flexibility and responsiveness to the internal and external environmental elements surrounding the organization, which, in instances of ambiguity, contribute to providing desired outcomes (Alzoubi et al., 2021).

2.4.2. Specific implementation

The transition from the drawn strategy to the actual application and its realistic translation, correctly and effectively, is one of the most difficult and delicate processes, as the failure to implement part of the strategy reflects on the entire strategy, and what was planned in advance in the strategy becomes meaningless and ineffective if the organization is unable to translate it into realistic and effective implementation outcomes (Alzoubi et al., 2021).

2.4.3. Motivational culture

Influencing and motivating employees to complete their tasks and work, as well as considering their requirements and meeting their needs, is the basis for establishing a motivational culture, and its significance stems from recognizing the significance of the satisfaction of working staffs and human resources in the organization in order to achieve organizational success. Organizations must put huge effort to follow up with and motivate personnel. Encouraging them to work hard and with distinction, addressing any performance flaws or weaknesses, and attempting to satisfy their wants will ensure their commitment to the business and their drive for its success (Alzoubi et al., 2021).

2.4.4. Continuous innovation

Developing services and enhancing products is an urgent and periodic necessity that organizations cannot minimize, especially in light of the rapid changes that the world is experiencing today, not only to achieve uniqueness and a significant competitive advantage, but also to maintain its market position and avoid disappearance. Therefore, businesses must take the initiative and compete to deliver the most differentiated services in proportion to the nature of the environment in which they operate, which demonstrates their adaptability and flexibility in execution (Baniyassin and Alrababa', 2021).

3. STUDY TOOL AND DATA COLLECTION

The researcher based on two types of data collection sources: secondary sources, which were represented in the previous literature and peer-reviewed scientific research in journals related to study variables, and primary sources, which were represented by a questionnaire developed by the researcher and adopted as a tool for the study in order to collect information from the sample respondents.

The researcher based on the descriptive analytical method in order to achieve the study objectives and test its hypotheses, where the study population consisted of three Jordanian Islamic banks, as shown in the Table 1.

The study sample consisted of (108) respondents working at the top administrative levels in these banks, while the sampling

unit consisted of respondents in the following administrative positions (general manager, department manager, and department head) who were selected using a simple random sampling method. The characteristics of the study sample are shown in Table 2.

Due to the nature of administrative positions in banks, which rely more on men than women, the percentage of males is greater than the percentage of females, as shown in Table 2. The data also reveals that the category of employees (46 or more) had the largest proportion of representative workers (52.8%), while the age group (<31) had the lowest percentage of representative workers (6.5%). This suggests that administrative positions demand expertise in the area, resulting in an older workforce.

Regarding educational level, the group of employees with a bachelor's degree is the most representative of the sample, with a proportion of (71.3%), followed by those with a (Diploma or less) at a rate of (7.4%). In addition to the educated nature of Jordanian society, this finding demonstrates that the majority of employees in management positions in commercial banks hold bachelor's and master's degrees (90.7%).

Table 2 reveals also that the majority of sampled respondents are department heads (80.4%), which may be explained by the organizational and functional structures of banks, which may consist of one manager with several department heads. The table reveals that (41.7%) of the study sample had (11-<16) years of

Table 1: Study Sample (Jordanian Islamic banks)

No.	Bank	Establishment year
1	Jordanian islamic bank	1978
2	Islamic international arab bank	1997
3	Safwa islamic bankk	2009

Table 2: Demographic characteristics

Characteristic	Values	Frequency	Percentage
Gender	Male	87	80.60
	Female	21	19.40
	Total	108	100.00
Age	<31	7	6.50
	31-<36	12	11.10
	36-<41	11	10.20
	41-<46	21	19.40
	46 or more	57	52.80
	Total	108	100.00
Educational level	Diploma or less	8	7.40
	Bechalar	77	71.30
	Master	21	19.40
	Doctorate	2	1.90
	Total	108	100.00
Job description	General manager	3	2.80
	Business unit manager	18	16.70
	Department head	87	80.60
	Total	108	100.00
Years of experience	<6	5	4.60
	6-<11	23	21.30
	11-<16	45	41.70
	16 or more	35	32.40
	Total	108	100.00

experience, followed by (32.4%) of those with (16 or more) years of experience.

4. MEASURES

4.1. Validity of the Study Tool

Measuring the link between each item and the dimension to which it belongs and discarding items with a weak correlation coefficient, we determined the validity of the questionnaire items as shown in Tables 3-6 respectively.

4.1.1. Validity of independent variable (ESG)

According to Table 3, the correlation coefficients for the dimensions of the independent variable varied from (0.428) to (0.743) and were statistically significant at the level of (0.01), indicating that there is internal consistency between the dimensions of this variable.

4.1.2. Validity of dependent variable (strategic success)

As shown in Table 4, the correlation coefficients for the items of the dependent variable (strategic success) varied from (0.238) to (0.665) and were statistically significant at the level of (0.01), indicating internal consistency between the items that evaluated this variable.

4.2. Reliability of the Study Tool

4.2.1. Reliability of independent variable (ESG)

By using the (Cronbach's alpha) coefficient, the researcher calculated the level of consistency of the independent variable

Table 3: Correlation coefficients of the independent variable

Item	Correlation coefficient	P-value	Item	Correlation coefficient	P-value
1	0.476	0.00**	11	0.469	0.00**
2	0.591	0.00**	12	0.571	0.00**
3	0.664	0.00**	13	0.434	0.00**
4	0.444	0.00**	14	0.579	0.00**
5	0.464	0.00**	15	0.625	0.00**
6	0.492	0.00**	16	0.482	0.00**
7	0.458	0.00**	17	0.507	0.00**
8	0.521	0.00**	18	0.59	0.00**
9	0.432	0.00**	19	0.743	0.00**
10	0.428	0.00**	20	0.54	0.00**

**Statistically significant at the level (0.01)

Table 4: Correlation coefficients of the dependent variable

Item	Correlation coefficient	P-value	Item	Correlation coefficient	P-value
1	0.572	0.00**	11	0.431	0.00**
2	0.629	0.00**	12	0.609	0.00**
3	0.481	0.00**	13	0.238	0.00**
4	0.404	0.00**	14	0.607	0.00**
5	0.453	0.00**	15	0.544	0.00**
6	0.36	0.00**	16	0.415	0.00**
7	0.507	0.00**	17	0.571	0.00**
8	0.379	0.00**	18	0.561	0.00**
9	0.665	0.00**	19	0.676	0.00**
10	0.651	0.00**	20	0.571	0.00**

**Statistically significant at the level (0.01)

dimensions. According to (Sekaran, 2010, p.43), items are deemed internally consistent if the value of Cronbach's alpha coefficient is at least 70%. Table 5 displays the findings.

Table 5 reveals that Cronbach's alpha coefficient for all dimensions of the independent variable was (0.933), and Cronbach's alpha coefficient for each dimension independently was high, with all values over (70%), indicating the dimensions' consistency.

4.2.2. Reliability of dependent variable (strategic success)

The consistency of the dependent variable (Strategic Success) with its all dimensions was measured, and then the consistency for each dimension was measured separately using Cronbach's alpha, the results shown in Table 6.

The results of Table 6 indicate that the Cronbach's alpha coefficient for all dimensions of dependent variable was (0.913), and the Cronbach's alpha coefficients for each dimension separately was high, and all values were greater than (70%), and this indicates the consistency of the dimensions.

4.3. Arithmetic Mean and Relative Importance

To determine the respondents' estimations of the research variables and their dimensions, the arithmetic mean and relative importance of their responses were computed, and the findings are depicted in Table 7.

Table 5: Cronbach's alpha of the independent variable (n=108)

Dimension	Cronbach alpha	No. of items
Environmental governance	0.91	7
Social governance	0.892	7
Corporate governance	0.901	6
Total	0.933	20

Table 6: Cronbach's alpha of the dependent variable (n=108)

Dimension	Cronbach alpha	No. of items
Specific strategy	0.887	5
Specific implementation	0.892	5
Motivational culture	0.854	5
Continuous innovation	0.875	5
Total	0.913	20

Table 7: The arithmetic mean and relative importance of study variables

No.	Dimension	Arithmetic mean	Relative importance	Rank
1	Environmental governance	3.98	High	2
2	Social governance	4.01	High	1
3	Corporate governance	3.88	High	3
	Total	3.96	High	
1	Specific strategy	4.11	High	1
2	Specific implementation	3.99	High	3
3	Motivational culture	3.89	High	4
4	Continuous innovation	4.02	High	2
	Total	4.00	High	

The data in Table 7 indicate that the arithmetic mean of the respondents' responses regarding the relative importance of applying ESG ranged from (3.88 to 4.01), with social governance dimension ranking first with the highest arithmetic mean of (4.01) and a high relative importance, followed by environmental governance dimension with arithmetic mean of (3.98), and high relative importance, followed by corporate governance dimension with arithmetic mean of (3.88), and high relative importance. Moreover, the arithmetic mean of all ESG dimensions as a whole was (3.96) and had a high relative relevance, indicating that Jordanian Islamic banks use ESG at a high level.

Similarly, the arithmetic mean of Strategic Success ranged from (3.89 to 4.11), with Specific Strategy dimension ranking first with the highest arithmetic mean of (4.11) and a high relative importance, followed by Continuous Innovation dimension with arithmetic mean of (4.02) and high relative importance, followed by Specific Implementation dimension with arithmetic mean of (3.99), and high relative importance. And finally, Motivational Culture dimension with arithmetic mean of (3.89) and high relative importance. Furthermore, the arithmetic mean of all Strategic Success dimensions as a whole was (4.00) and had a high relative relevance, indicating that Jordanian Islamic banks have Strategic Success.

4.4. Normal Distribution Test

The researcher utilized the Kolmogorov-Smirnov (K-S) test to confirm that the data utilized for statistical analysis and testing of hypotheses follow a normal distribution. At the level of statistical significance (0.05), there are no statistically significant differences between the values of the variables' distribution and the values of the normal distribution as shown in Table 8.

4.5. Pearson Correlation Matrix

The Pearson correlation coefficients matrix was calculated to find out the relationship between study variables, with the aim of revealing a linear correlation between them. Table 9 shows the results of the correlation coefficients between the variables.

Table 9 shows that the correlation values between the dimensions were $<(0.90)$ and statistically significant at (0.05). And this means that there is no a complete correlation between the independent variable's dimensions.

4.6. Multicollinearity Problem Test

Using the Variance Inflation Factor (VIF) and Tolerance test, the researcher determined that there is no Multicollinearity between the independent variable's dimensions, as shown in Table 10. Where it was determined that the variance inflation factor (VIF) values are $<(5)$ and the Tolerance test results are $>(0.1)$.

5. HYPOTHESES DISCUSSION

Based on earlier measurement findings, it is stressed that the data is fit for analysis and may be utilized to evaluate the research hypotheses. The researcher analyzed the collected data using SPSS Software.

Table 8: Normal distribution of variables' dimensions

Dimension	Test value	P-value
Environmental governance	0.117	0.216
Social governance	0.114	0.187
Corporate governance	0.091	0.169
Specific strategy	0.118	0.203
Specific implementation	0.166	0.31
Motivational culture	0.109	0.273
Continuous innovation	0.143	0.261

Table 9: Pearson correlation matrix

Dimensions	Environmental governance	Social governance	Corporate governance
Environmental governance	1		
Social governance	0.675**	1	
Corporate governance	0.763**	8.60E-01	1

**Statistically significant at the level (0.01).

Table 10: Multicollinearity Statistics of Independent variable's dimensions

Dimensions	Tolerance	VIF
Environmental governance	0.441	2.268
Social governance	0.429	2.331
Corporate governance	0.619	1.616

The main hypothesis H01:

The researcher used Multiple Linear Regression analysis to determine the impact of ESG dimensions (environmental governance, social governance, and corporate governance) on Strategic Success in Jordanian Islamic banks, as shown in Table 11.

The results of Table 11 show that the correlation coefficient ($R = 0.824$) shows a positive and strong relationship between the independent variable and the dependent variable, and that the impact of the dimensions of the independent variable on the dependent variable (strategic success) is a statistically significant, where the calculated F value is (155.44) with a significance level of ($\text{Sig} = 0.00$), which is $<(0.05)$. Also it appeared that the value of ($R^2 = 0.679$), and that indicates that (67.9%) of the variance in (strategic success) can be explained by the variance in ESG.

The coefficients results revealed that the value of (β) at (Social Governance) reached (0.488), and that its T-value is (6.78), with a level of significance ($\text{Sig} = 0.00$), indicating that its impact is significant, whereas the value of (β) at (Environmental Governance) has reached (0.351), and its T-value is (4.33), with a level of significance ($\text{sig} = 0.00$), indicating that its impact is significant. (0.420) is the value of (β) at (Corporate Governance), and its T-value is (6.27). And with a significance level ($\text{Sig} = 0.00$) that suggests its impact is statistically significant.

According to the values of (β), social governance had the greatest impact on the Strategic Success.

Based on previous, the main null hypothesis cannot be accepted and accept the alternative hypothesis that says: There is a

Table 11: Multiple linear regression analysis of ESG dimensions on strategic success

Dependent variable	Model summary		ANOVA			Coefficients			
	R ²	R	P-value	DF	F	Sig F*	Calculated T	β	Dimension
Strategic Success	0.679	0.824	0.000	3	155.44	0.000	4.33	0.351	Environmental
						0.000	6.78	0.488	Social
						0.000	6.27	0.42	Corporate

*Statistically significant at the level (0.05)

Table 12: Simple linear regression analysis of each ESG dimension on strategic success

Hypothesis	Dependent Variable	Model summary		ANOVA			Coefficients			
		R ²	R	P-value	DF	F	Sig F*	Calculated T	β	Dimension
H01-1	Strategic Success	0.448	0.669	0.000	1	125.93	0.000	17.15	0.669	Environmental
H01-2		0.755	0.869	0.000	1	188.55	0.000	21.19	0.869	Social
H01-3		0.555	0.745	0.000	1	145.61	0.000	18.63	0.745	Corporate

*Statistically significant at the level (0.05)

statistically significant impact at level ($\alpha \leq 0.05$) of ESG with its dimensions (Environmental Governance, Social Governance, and Corporate Governance) on Strategic Success.

From this first main hypothesis, three sub-hypotheses emerged and analysed by simple linear regression. The results are shown in Table 12.

The results of Table 12 show that the correlation coefficient of H01-1 ($R = 0.669$) shows a positive and strong relationship between Environmental governance and Strategic Success with a percentage of (66.9%), where the calculated F value is (125.93) with a significance level of (Sig = 0.00), which is $<(0.05)$. Also it appeared that the value of ($R^2 = 0.448$), and that indicates that (44.8%) of the variance in (Strategic Success) can be explained by the variance in Environmental governance. The coefficients results revealed that the value of (β) at (Environmental Governance) reached (0.669), and that its T-value is (17.15), with a level of significance (Sig = 0.00). As a result, the impact of Environmental governance on the dependent variable (Strategic Success) is statistically significant.

Based on previous, the first null sub-hypothesis cannot be accepted and accept the alternative sub-hypothesis that says: There is a statistically significant impact at level ($\alpha \leq 0.05$) of environmental governance on Strategic Success.

Also, the results show that the correlation coefficient of H01-2 ($R = 0.869$) shows a positive and strong relationship between Social Governance and Strategic Success with a percentage of (86.9%), where the calculated F value is (188.55) with a significance level of (Sig = 0.00), which is $<(0.05)$. Also it appeared that the value of ($R^2 = 0.755$), and that indicates that (75.5%) of the variance in (Strategic Success) can be explained by the variance in Social Governance. The coefficients results revealed that the value of (β) at (Social Governance) reached (0.869), and that its T-value is (21.19), with a level of significance (Sig = 0.00). As a result, the impact of Social Governance on the dependent variable (Strategic Success) is statistically significant.

Based on previous, the second null sub-hypothesis cannot be accepted and accept the alternative sub-hypothesis that says: There

is a statistically significant impact at level ($\alpha \leq 0.05$) of Social Governance on Strategic Success.

In addition, the results show that the correlation coefficient of H01-3 ($R = 0.745$) shows a positive and strong relationship between Corporate Governance and Strategic Success with a percentage of (74.5%), where the calculated F value is (145.61) with a significance level of (Sig = 0.00), which is $<(0.05)$. Also it appeared that the value of ($R^2 = 0.555$), and that indicates that (55.5%) of the variance in (Strategic Success) can be explained by the variance in Corporate Governance. The coefficients results revealed that the value of (β) at (Corporate Governance) reached (0.745), and that its T-value is (18.63), with a level of significance (Sig = 0.00). As a result, the impact of Corporate Governance on the dependent variable (Strategic Success) is statistically significant.

Based on previous, the third null sub-hypothesis cannot be accepted and accept the alternative sub-hypothesis that says: There is a statistically significant impact at level ($\alpha \leq 0.05$) of Corporate Governance on Strategic Success.

6. CONCLUSIONS

The findings of the study showed that the relative importance of ESG dimensions was generally high, indicating that Jordanian Islamic banks had a high degree of ESG implementation. These pillars can lead to adjustments that are commensurate with business plans and strategies that ensure the success of organizations through their ability to identify their surrounding environment, allowing them to respond proactively to any emergency changes in it, and boosting their plans with strategic character.

Additionally, the findings of the study showed that the relative importance of Strategic Success dimensions was generally high, indicating that Jordanian Islamic banks proved to have strategic success. This demonstrates that Jordanian Islamic banks are acutely aware of the importance of Strategic Success and its effective role, which is reflected in increasing the performance levels of employees and the optimal investment in their skills, which enables them to develop and advance, in addition to its

significant role in evaluating programs, policies, and procedures comprehensively and managing employees and resources. This in general, helps companies and different organizations set standard and reliable performance rates that help them in measuring and evaluating the organization development.

Regarding the results of the hypotheses, the results indicated that there is a statistically significant effect for all dimensions of ESG on Strategic Success in Jordanian Islamic banks, and the regression values are high for all dimensions, indicating that Jordanian Islamic banks implement strategies that enable them to improve ESG.

The researcher relates this conclusion to the existence of a substantial role for governance in the ability of companies to achieve success by confronting the inherent risks of some sectors, such as the banking sector.

Based on the findings, the researcher provided the following recommendations:

Invite Jordanian Islamic banks to continue in improving their implementation of ESG by recognizing their significance in order to maximize efficiency and achieve strategic success. Pay more attention by Jordanian Islamic banks to stay with global improvements in the implementation of ESG. Furthermore, the administrations of Jordanian Islamic banks' ongoing commitment to achieving Strategic Success by focusing on the development of particular strategies and their effective implementation, as well as the promotion of a motivated culture among employees and the exploration of continuous innovations. Finally, conducting future studies looking at the ESG impact on other variables such as competitive advantage or customer satisfaction.

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